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Arizona Department of Revenue

1991 Annual Report

Prepared by the
Arizona Department of Revenue
1600 West Monroe Street
Phoenix, Arizona 85007

ARIZONA DEPARTMENT OF REVENUE

1600 WEST MONROE - PHOENIX, ARIZONA 85007

FIFE SYMINGTON
GOVERNOR

PAUL WADDELL
DIRECTOR

November 15, 1991

The Honorable Fife Symington
Governor, State of Arizona
1700 W. Washington
Phoenix, AZ 85007

Dear Governor Symington:

The Arizona Department of Revenue takes great pride in submitting to you and the 40th Legislature our 1990-91 annual report.

The department is proud of its efforts to effectively and efficiently collect taxes due the state. We also are proud of the fact that such efforts are conducted in a fair and equitable manner so that all taxpayers are treated the same and expected to pay their share -- no more, no less.

Total taxes collected by the department during the 1990-91 fiscal year reached nearly $3.7 billion, including more than $2.8 billion that was deposited directly into the state general fund.

About $1.87 billion was collected in sales and use taxes, $1.66 billion was collected in income taxes and about $92.5 million was collected in luxury taxes.

Included in those totals is about $245 million that was collected solely through the department's tax enforcement efforts. We are proud of these efforts, particularly since they bring in money that will not have to be raised through new taxes.

Sincerely,

Paul Waddell
Director
Arizona Department of Revenue

OTHER LOCATIONS: Tucson Government Mall - 402 W. CONGRESS - TUCSON
East Valley - 1440/1460 E. SOUTHERN - TEMPE

Arizona Department of Revenue
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Arizona Department of Revenue

Taxes & Collections

TABLE 1
REVENUE SUMMARY
GROSS REVENUE COLLECTED

SOURCE	1986–87	1987–88	1988–89	1989–90	1990–91
SALES AND USE TAX					
Distribution Base	$ 519,015,701	$ 547,506,889	$ 604,226,720	$ 636,085,313	$ 655,292,174
Nonshared Portion	958,559,275	998,466,081	1,055,893,436	1,099,464,112	1,132,744,184
Use Tax	52,549,878	61,797,123	64,805,718	61,708,485	82,625,028
Subtotal	$ 1,530,124,854	$ 1,607,770,093	$ 1,724,925,874	$ 1,797,257,911	$ 1,870,661,386
Undistributed Estimated (1)	0	0	0	49,542,256	3,609,006
Sales Tax Subtotal	$ 1,530,124,854	$ 1,607,770,093	$ 1,724,925,874	$ 1,846,800,167	$ 1,874,270,392
INCOME TAX					
Withholding	599,660,202	698,699,875	773,395,690	823,315,492	932,719,156
Individual	333,498,960	345,881,711	370,129,112	461,313,249	477,266,209
Corporate	249,213,473	229,759,928	257,153,477	238,183,418	249,762,565
Subtotal	$ 1,182,372,635	$ 1,274,341,514	$ 1,400,678,279	$ 1,522,812,159	$ 1,659,747,930
LUXURY TAX					
Spirituous Liquor	17,059,104	17,287,330	17,532,966	16,998,323	16,748,425
Vinous Liquor	7,832,584	7,961,950	6,817,303	7,070,321	6,569,707
Malt Liquor	15,927,165	15,705,711	16,193,267	16,236,679	16,490,951
Tobacco – All Types	51,781,811	53,028,844	51,418,132	47,895,527	52,653,453
Licensing	1,600	1,600	1,425	1,675	1,700
Subtotal	$ 92,602,264	$ 93,985,435	$ 91,963,093	$ 88,202,525	$ 92,464,236
ESTATE TAX					
Estate	26,389,374	32,276,168	25,453,753	24,988,640	31,483,347
Unclaimed Property	4,824,885	4,281,091	5,742,921	15,321,931	14,565,031
Escheated Estate and Unclaimed Dividends	202,756	141,577	159,635	372,780	443,279
Subtotal	$ 31,417,015	$ 36,698,836	$ 31,356,309	$ 40,683,351	$ 46,491,657
Bingo	730,593	798,818	845,841	796,778	850,228
Flight Property Tax	5,630,177	6,859,428	8,381,082	8,626,536	10,619,885
Private Car Tax	654,627	541,639	675,653	702,678	824,207
Nuclear Plan Assessment	458,200	483,700	601,100	635,100	651,200
DEPARTMENT TOTAL	$ 2,843,990,365	$ 3,021,479,463	$ 3,259,427,231	$ 3,509,259,294	$ 3,685,919,735
State Property Tax (2)	59,285,256	67,389,020	92,715,743	130,199,755	169,251,570
TOTAL (3)	$ 2,903,275,621	$ 3,088,868,483	$ 3,352,142,974	$ 3,639,459,050	$ 3,855,171,305

(1) Chapter 1 of the Second Special Legislative Session of 1989 provided for the requirement of sales tax estimated payments.
(2) Deposited in the general fund by counties
(3) All revenues including those which are eventually refunded or distributed to local government; does not include municipal or county sales taxes, or special fund collections.

TABLE 2
NET REVENUE TO STATE GENERAL FUND

SOURCE	1986-87	1987-88	1988-89	1989-90	1990-91
Sales, Use and Severance Tax	$ 1,199,589,750	$ 1,252,402,747	$ 1,340,809,656	$ 1,393,045,295	$ 1,444,333,082
Sales Undistributed Estimated Payments (1)	0	0	0	49,542,256	3,609,006
Income Tax	835,501,060	873,497,071	968,464,778	1,023,291,736	1,268,036,362
Luxury Tax	69,568,718	70,804,571	69,052,845	65,661,709	70,403,536
Estate Tax/ Unclaimed Property	30,220,650	34,778,286	26,913,749	31,896,539	34,789,111
Bingo	370,211	414,572	748,412	796,778 (2)	850,228
Flight Property Tax	4,795,803	3,552,876	1,067,926	0 (3)	0 (3)
Private Car Tax	654,627	541,639	675,653	702,678	824,207
Nuclear Plan Assessment	458,200	483,700	601,100	635,100	651,200
Department Total	$ 2,141,159,019	$ 2,236,475,462	$ 2,408,334,119	$ 2,565,572,091	$ 2,823,496,732
State Property Tax (4)	59,285,256	67,389,020	92,715,743	130,199,755 (5)	169,251,570 (5)
TOTAL	$ 2,200,444,275	$ 2,303,864,482	$ 2,501,049,862	$ 2,695,771,846	$ 2,992,748,302

(1) Chapter 1 of the Second Special Legislative Session of 1989 provided for the requirement of sales tax estimated payments.
(2) FY 89-90 represents the first full fiscal year in which all Bingo Collections were deposited to the General Fund.
(3) All Flight Property revenue is distributed to the State Aviation Fund.
(4) Deposited in the State General Fund by counties.
(5) In addition to State Property Tax collections, this figure includes deposits to the General Fund derived from the minimum Qualifying Tax Rate and taxes collected within Unorganized School Districts.

TABLE 3
GROSS COLLECTIONS OF AUDIT ASSESSMENTS AND DELINQUENT TAX
1989-90 AND 1990-91

	1989-90	1990-91	% CHANGE
AUDIT COLLECTIONS			
Assessment Collections (Gross)	$ 65,834,700	$ 76,820,871	16.69%
Miscellaneous Taxes (Net of Credit)	7,631,199	6,248,064	-18.12%
TOTAL AUDIT UNIT COLLECTIONS	73,465,899	83,068,935	13.07%
TOTAL BILLINGS	98,031,577	107,652,450	9.81%
TOTAL DELINQUENT TAX COLLECTIONS	108,211,661	133,364,543	23.24%
TOTAL UNADJUSTED ENFORCEMENT COLLECTIONS	279,709,137	324,085,928	15.87%
ADJUSTMENTS (1)			
Duplication, Credit Audits and Other Adjustments as Reported	(68,243,189)	(79,040,118)	15.82%
TOTAL ADJUSTED ENFORCEMENT COLLECTIONS (2)	$ 211,465,948	$ 245,045,810	15.88%

(1) Audits resulting in credit adjustments are subtracted to produce an actual figure representing the net gain to the state from Tax Enforcement Division efforts.

(2) Actual amounts resulting from the Department's enforcement effort.

REFUND DENIALS	$10,871,504	$6,413,909	-41.00%

Transaction Privilege (Sales) Tax

Transaction Privilege Tax

Major Features

Arizona's transaction privilege (sales) tax is imposed on the privilege of transacting business in the state. The rates range from 0.46875 percent to 5.5 percent, depending on the type of business, with most rates at 5 percent. *(Refer to Table 5)* There are more than 141,000 sales tax accounts, which resulted in more than $1.87 billion in gross revenues in the 1990-91 fiscal year. That total includes sales, use and severance tax revenues. *(Refer to Table 4)*

An additional tax usually considered to be sales tax is the rental occupancy tax, which is levied at the rate of 3 percent on real property on a long-term lease entered into prior to December 1, 1967.

Severance Tax

A severance tax is imposed in lieu of a transaction privilege tax on the businesses of mining metalliferous minerals and severing timber. The severance rates are 2.5 percent on mining metalliferous minerals and 1.5 percent on timbering. *(Refer to Table 5)*

Distribution

The total of transaction privilege, rental occupancy and severance taxes creates a tax base that is divided into two parts, distribution base and non-shared.

The distribution base is the portion of the tax that is shared with counties and municipalities. It is divided among municipalities (25 percent), counties (38.08 percent) and the state general fund (36.92 percent). The non-shared portion of transaction privilege taxes, rental occupancy and severance taxes are deposited directly to the state general fund. *(Refer to Tables 7 through 25)*

Use Tax

A use tax, at the rate of 5 percent, is imposed on the purchase price of tangible personal property from either in-state or out-of-state vendors for which a sales tax (equal to or greater than the Arizona rate) was not paid.

The obligation to collect use tax also is imposed on anyone with nexus in this state, soliciting orders for tangible personal property by mail, or other methods, if the solicitation is substantial and recurring. Firms without nexus may voluntarily pay use tax for the benefit of their customers.

Municipal Sales Tax Collection

The Arizona Department of Revenue is authorized to collect municipal sales tax for Arizona cities and towns. The municipal sales tax is retained by the state and deposited to the general fund. Once the department collects the local taxes, weekly distribution checks are processed. The service is provided at no charge to the cities. During the 1990-91 fiscal year , 71 cities and towns participated in the program. *(Refer to Tables 26 and 27)*

TABLE 4
GROSS SALES, USE AND SEVERANCE TAX COLLECTIONS

SOURCE	1986-87	1987-88	1988-89	1989-90	1990-91
Distribution Base	$ 519,015,701	$ 547,506,889	$ 604,226,720	$ 636,085,313	$ 655,292,174
Nonshared	958,559,275	988,466,081	1,055,893,436	1,099,464,112	1,132,744,184
Use Tax	52,549,878	61,797,123	64,805,718	61,708,485	82,625,028
SUBTOTAL	$ 1,530,124,854	$ 1,597,770,093	$ 1,724,925,874	$ 1,797,257,911	$ 1,870,661,386
Undistributed Estimated (1)	0	0	0	49,542,256	3,609,006
911 Excise Tax	1,878,873	3,558,566	3,677,444	3,619,425	3,809,222
Telecommunications Devices	538,744	564,095	1,161,617	1,654,601	1,797,501
Municipal Water	0	0	0	0	830,679
Less Collection Fees	(133,834)	(33,485)	(5,547)	(5,064)	(957)
GROSS STATE COLLECTIONS	$ 1,532,408,637	$ 1,601,859,269	$ 1,729,759,388	$ 1,852,069,129	$ 1,880,706,837
City Sales Tax	56,602,528	63,372,873	69,681,317	69,436,099	78,318,301
Pima County Hotel Tax	349,599	626,786	713,311	735,852	726,699
Apache County Excise Tax	-----	-----	-----	-----	533,881
Cochise County Excise Tax	-----	-----	-----	-----	1,778,045
Gila County Excise Tax	-----	-----	-----	-----	1,000,584
Gila County Hospital Tax	-----	-----	-----	976,699	1,528,109
Graham County Excise Tax	-----	-----	-----	-----	407,621
La Paz County Jail Tax	-----	-----	-----	-----	242,424
Maricopa County Road Tax	94,830,790	99,190,010	106,250,460	110,800,551	113,334,671
Pinal County Excise Tax	-----	-----	-----	-----	136,765
Pinal County Road Tax	1,144,080	2,854,839	3,136,941	3,337,400	3,372,812
Santa Cruz County Excise Tax	-----	-----	-----	-----	833,924
Yuma County Tax	-----	2,403,620	2,765,529	42,634	13,394
Yuma County Excise Tax	-----	-----	-----	-----	5,520,422
TOTAL DEPARTMENT OF REVENUE RECEIPTS	$ 1,685,335,634	$ 1,770,307,397	$ 1,912,306,946	$ 2,037,398,364	$ 2,088,454,488

(1) Chapter 1 of the Second Special Legislative Session of 1989 provided for the requirement of sales tax estimated payments.

TABLE 5
STATE SALES AND SEVERANCE TAX RATES
1990-91

TAXABLE ACTIVITIES	DISTRIBUTION BASE	NONSHARED	TOTAL TAX
1. Transporting and Towing	1%	4%	5%
2. Nonmetalliferous Mining, Oil and Gas Production	1%	2.125%	3.125%
4. Utilities	1%	4%	5%
5. Communications	1%	4%	5%
6. Railroads and Aircraft	1%	4%	5%
7/8. Private Car/Pipelines	1%	4%	5%
9. Publishing	1%	4%	5%
10. Printing	1%	4%	5%
11. Restaurants and Bars	2%	3%	5%
12. Amusements	2%	3%	5%
13. Real Property Rentals*	2.533%	2.217%	4.75%
14. Personal Property Rentals	2%	3%	5%
15. Contracting (Mtrl. only)	1%	4%	5%
16. Feed Wholesale	0.25%	0.21875%	0.46875%
17. Retail	2%	3%	5%
19. Mining Severance	2%	0.5%	2.5%
20. Timbering Severance	1.2%	0.3%	1.5%
24. Prime Contracts entered into prior to May 1983	1%	3%	4%
25. Hotel/Motel Tax	2.75%	2.75%	5.5%
26. Prime Contracts entered into prior to July 1974	1%	2.75%	3.75%
28. Rental Occupancy Tax	2%	1%	3%
29/30. Use and Use Inventory Tax	0%	5%	5%
37. Contracting- Owner Builder	1%	4%	5%
41. Municipal Water	0%	0%	**

* Prior to January 1, 1991, the tax rate on Rentals of Real Property was 5%.
** Rate is $0.0065 per 1,000 gallons of water. The collections from this tax are distributed in full to the Water Quality Assurance Revolving Fund administered by the Department of Environmental Quality.

TABLE 6
NET TAXABLE SALES
BY SALES TAX CLASSIFICATIONS (1)

CLASSIFICATION	1986–87	% OF TOTAL	1987–88	% OF TOTAL	1988–89	% OF TOTAL	1989–90	% OF TOTAL	1990–91	% OF TOTAL
Transportation and Towing	$ 14,922,455	0.05	$ 20,463,769	0.06	$ 28,758,044	0.08	$ 33,909,195	0.09	$ 32,001,523	0.08
Mining, Oil & Gas	148,913,432	0.47	126,829,396	0.38	124,056,131	0.35	107,996,737	0.29	159,109,311	0.42
Mining Severance	479,166,973	1.51	770,738,944	2.32	1,236,275,952	3.49	1,182,115,330	3.23	1,204,121,648	3.15
Timbering	6,322	0.00 (4)	———	---	———	---	———	---	0	---
Timber Severance	32,029,321	0.10	37,165,049	0.11	37,568,899	0.11	36,230,752	0.10	23,678,985	0.06
Utilities	2,895,843,655	9.15	3,149,235,562	9.49	3,390,805,649	9.58	3,529,384,625	9.64	3,746,137,707	9.80
Communications	743,710,309	2.35	722,787,773	2.18	819,025,883	2.31	844,247,521	2.31	891,393,447	2.33
Railroads and Aircraft	27,433,757	0.09	23,272,411	0.07	22,926,466	0.06	29,998,508	0.08	16,337,164	0.04
Private Car and Pipelines	1,703,345	0.01	2,472,598	0.01	2,318,484	0.01	4,948,366	0.01	22,986,731	0.06
Publishing	56,990,286	0.18	19,412,858	0.06	59,142,634	0.17	66,657,376	0.18	74,993,855	0.20
Job Printing	294,494,396	0.93	311,119,479	0.94	320,103,704	0.90	322,870,949	0.88	314,599,036	0.82
Local Advertising (2)	2,019,771	0.01	1,209,023	0.00 (4)	402,963	0.00 (4)	(51,197)	(0.00) (4)	55,459	0.00 (4)
Restaurants and Bars	2,495,947,895	7.89	2,642,915,603	7.97	2,797,555,980	7.90	2,914,787,167	7.96	3,086,881,312	8.08
Amusements	256,567,864	0.81	281,444,023	0.85	316,264,130	0.89	334,913,249	0.91	369,833,312	0.97
Real Property Rentals	1,424,142,351	4.50	1,567,435,284	4.73	1,837,185,066	5.19	2,141,154,374	5.85	2,228,396,519	5.83
Personal Property Rentals	1,167,714,064	3.69	1,280,376,048	3.86	1,302,238,894	3.68	1,400,099,637	3.82	1,492,270,338	3.91
Contracting	4,652,177,267	14.71	4,250,110,470	12.81	4,181,881,358	11.81	4,068,940,646	11.11	4,015,683,417	10.51
Wholesale Feed	186,810,139	0.59	211,794,077	0.64	187,274,438	0.53	191,314,302	0.52	178,387,819	0.47
Retail	15,029,620,336	47.51	15,754,847,677	47.50	16,646,682,343	47.03	17,344,686,334	47.36	17,797,586,513	46.58
Hotel/Motel	631,782,728	2.00	711,777,198	2.15	782,063,804	2.21	890,019,152	2.43	899,524,566	2.35
Agricultural Equipment (3)	37,286,366	0.12	46,395,579	0.14	3,935,874	0.01	53,220	0.00 (4)	65,400	0.00 (4)
Rental Occupancy Tax	4,249,758	0.01	2,938,770	0.01	3,074,631	0.01	3,061,070	0.01	3,611,952	0.01
Use Tax	1,050,873,362	3.32	1,236,021,527	3.73	1,296,124,649	3.66	1,175,061,536	3.21	1,652,524,261	4.32
TOTAL	$ 31,634,406,152	100.00	$ 33,169,763,117	100.00	$ 35,395,665,976	100.00	$ 36,622,398,847	100.00	$ 38,210,180,275	100.00

(1) Net taxable sales are based on sales tax receipts. Prior to FY 1990–91 receipts are net of the accounting allowance to the firms.
(2) Local advertising phased out on January 1, 1986.
(3) Agricultural equipment designated a separate class on April 18, 1985 when tax rate dropped from 5% to 3%. Phased out on July 1, 1988.
(4) Percent of total is less than 0.01%.

TABLE 7
SALES TAX COLLECTIONS BY CLASS
1990-91

CLASSIFICATION	DISTRIBUTION BASE	NONSHARED	TOTAL SALES TAX COLLECTIONS
Transporting and Towing	$ 320,016	$ 1,280,039	$ 1,600,055
Nonmetal Mining, Oil and Gas	1,593,001	3,384,121	4,977,122
Mining Severance	24,082,433	6,020,608	30,103,041
Timbering Severance	284,148	71,037	355,185
Utilities	37,461,378	149,845,508	187,306,886
Communications	8,913,939	35,655,755	44,569,694
Railroads and Aircraft	163,372	653,487	816,859
Private Car and Pipelines	229,867	919,469	1,149,336
Publishing	749,940	2,999,757	3,749,697
Printing	3,146,003	12,583,754	15,729,757
Local Advertising	555	350	905
Restaurants and Bars	61,738,072	92,592,126	154,330,198
Amusements	7,396,697	11,092,924	18,489,621
Rentals of Real Property	58,146,598	50,884,235	109,030,833
Rentals of Personal Property	29,845,647	44,767,540	74,613,187
Contracting	40,157,049	160,596,933	200,753,982
Wholesale Feed	446,180	390,459	836,639
Retail	355,962,349	533,923,521	889,885,870
Hotel/Motel	24,582,689	24,582,601	49,165,290
Agricultural Equipment	0	889	889
Rental Occupancy Tax	72,243	36,116	108,359
Use Tax	0	82,625,028	82,625,028
License Fees	0	492,431	492,431
Utilities Credit		(29,478)	(29,478)
TOTAL	$ 655,292,174	$ 1,215,369,212	$ 1,870,661,386

Figures may not add to total due to rounding.
Does not reflect the balance of undistributed estimated payments at the end of FY90-91

TABLE 8
DISTRIBUTION OF SALES TAX COLLECTIONS
1990-91

Net Regular to State General Fund	$	1,444,333,082
Net Estimated Payments to General Fund		3,609,006
Net to Cities		163,823,044
Net to Counties		249,535,260
Disease Control		2,970,000
Property Tax Relief		10,000,000
911 Excise, Telecommunications Devices, Municipal Water		6,437,402
Less Collections Fees		(957)
TOTAL GROSS COLLECTIONS	$	1,880,706,837

TABLE 9
CALCULATED SALES TAX COLLECTIONS
IN APACHE COUNTY FOR THE PERIOD BEGINNING
JULY 1, 1990 AND ENDING JUNE 30, 1991

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	NET TAXABLE INCOME CALCULATED	TAX RATE	SALES TAX COLLECTIONS (CALCULATED)
4. Utilities	$ 9,999,482	5%	$ 499,974
5. Communications	5,994,596	5%	299,730
9. Publishing	191,541	5%	9,577
11. Restaurants and Bars	5,908,926	5%	295,446
12. Amusements	269,895	5%	13,495
13. Rentals of Real Property	1,682,635	*	82,721
14. Rentals of Personal Property	1,973,918	5%	98,696
**. Contracting	36,140,248	5%	1,807,013
17. Retail	102,337,834	5%	5,116,892
25. Hotel/Motel	2,541,376	5.5%	139,776
Other Taxable Activities	108,220,530		5,253,697
TOTAL	$ 275,260,981		$ 13,617,017

NUMBER OF ACCOUNTS

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY 1989	FY 1990	FY 1991
4. Utilities	19	18	20
5. Communications	10	14	16
9. Publishing	12	13	11
11. Restaurants and Bars	63	72	73
12. Amusements	16	18	19
13. Rentals of Real Property	82	95	92
14. Rentals of Personal Property	111	123	130
**. Contracting	160	173	210
17. Retail	634	673	739
25. Hotel/Motel	29	33	36
Other Taxable Activities	107	117	140
TOTAL	1,243	1,349	1,486

*The tax rate on rentals of real property changed to 4.75% from 5% in January, 1991
**Represents classes 15 and 40. Both classes have a tax rate of 5%.

Figures may not add to total due to rounding.

TABLE 10
CALCULATED SALES TAX COLLECTIONS
IN COCHISE COUNTY FOR THE PERIOD BEGINNING
JULY 1, 1990 AND ENDING JUNE 30, 1991

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	NET TAXABLE INCOME CALCULATED	TAX RATE	SALES TAX COLLECTIONS (CALCULATED)
5. Communications	16,958,038	5%	847,902
11. Restaurants and Bars	50,039,512	5%	2,501,976
12. Amusements	2,649,456	5%	132,473
13. Rentals of Real Property	20,081,801	*	983,142
14. Rentals of Personal Property	11,273,089	5%	563,654
**. Contracting	60,519,556	5%	3,025,978
17. Retail	292,090,524	5%	14,604,526
25. Hotel/Motel	11,768,637	5.5%	647,275
Other Taxable Activities	146,573,207		7,077,528
TOTAL	$ 611,953,820		$ 30,384,454

NUMBER OF ACCOUNTS

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY 1989	FY 1990	FY 1991
5. Communications	18	22	23
11. Restaurants and Bars	297	316	327
12. Amusements	52	55	62
13. Rentals of Real Property	426	541	561
14. Rentals of Personal Property	276	306	318
**. Contracting	441	458	472
17. Retail	2,160	2,269	2,520
25. Hotel/Motel	77	56	88
Other Taxable Activities	349	375	412
TOTAL	4,096	4,398	4,783

*The tax rate on rentals of real property changed to 4.75% from 5% in January, 1991
**Represents classes 15 and 39. Both classes have a tax rate of 5%.

Figures may not add to total due to rounding.

TABLE 11
CALCULATED SALES TAX COLLECTIONS
IN COCONINO COUNTY FOR THE PERIOD BEGINNING
JULY 1, 1990 AND ENDING JUNE 30, 1991

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	NET TAXABLE INCOME CALCULATED	TAX RATE	SALES TAX COLLECTIONS (CALCULATED)
4. Utilities	$ 83,030,792	5%	$ 4,151,540
5. Communications	23,140,882	5%	1,157,044
9. Publishing	1,637,078	5%	81,854
11. Restaurants and Bars	138,110,185	5%	6,905,509
12. Amusements	29,151,815	5%	1,457,591
13. Rentals of Real Property	43,748,638	*	2,144,224
14. Rentals of Personal Property	31,562,892	5%	1,578,145
**. Contracting	131,697,017	***	6,584,790
16. Feed Wholesale	1,041,309	0.46875%	4,881
17. Retail	447,767,535	5%	22,388,377
25. Hotel/Motel	102,436,307	5.5%	5,633,997
Other Taxable Activities	49,946,362		1,902,109
TOTAL	$ 1,083,270,812		$ 53,990,061

NUMBER OF ACCOUNTS

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY 1989	FY 1990	FY 1991
4. Utilities	33	32	36
5. Communications	23	25	35
9. Publishing	28	26	24
11. Restaurants and Bars	352	344	347
12. Amusements	81	89	94
13. Rentals of Real Property	529	616	617
14. Rentals of Personal Property	368	393	419
**. Contracting	669	728	759
16. Feed Wholesale	12	16	13
17. Retail	2,585	2,772	2,992
25. Hotel/Motel	168	165	184
Other Taxable Activities	309	352	411
TOTAL	5,157	5,558	5,931

*The tax rate on rentals of real property changed to 4.75% from 5% in January, 1991.
**Represents clases 15 and 24.
***Class 15 is taxed at 5%, class 24 at 4%.

Figures may not add to total due to rounding.

TABLE 12
CALCULATED SALES TAX COLLECTIONS
IN GILA COUNTY FOR THE PERIOD BEGINNING
JULY 1, 1990 AND ENDING JUNE 30, 1991

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	NET TAXABLE INCOME CALCULATED	TAX RATE	SALES TAX COLLECTIONS (CALCULATED)
4. Utilities	$ 96,715,749	5%	$ 4,835,787
5. Communications	6,371,360	5%	318,568
9. Publishing	991,608	5%	49,580
11. Restaurants and Bars	27,763,865	5%	1,388,193
12. Amusements	1,289,770	5%	64,489
13. Rentals of Real Property	6,497,482	*	318,217
14. Rentals of Personal Property	6,383,323	5%	319,166
**. Contracting	35,406,593	***	1,770,324
17. Retail	125,757,944	5%	6,287,897
25. Hotel/Motel	5,398,027	5.5%	296,892
Other Taxable Activities	192,692,150		4,960,021
TOTAL	$ 505,267,871		$ 20,609,134

NUMBER OF ACCOUNTS

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY 1989	FY 1990	FY 1991
4. Utilities	30	30	33
5. Communications	14	24	20
9. Publishing	18	18	15
11. Restaurants and Bars	169	165	180
12. Amusements	32	31	33
13. Rentals of Real Property	218	268	289
14. Rentals of Personal Property	170	202	203
**. Contracting	324	372	359
17. Retail	1,204	1,268	1,358
25. Hotel/Motel	45	45	51
Other Taxable Activities	138	168	192
TOTAL	2,362	2,591	2,733

*The tax rate on rentals of real property changed to 4.75% from 5% in January, 1991
**Represents classes 15, 26, 37, 38, and 39.
***Classes 15, 37, 38, and 39 have a tax rate of 5%. Class 26 has a tax rate of 3.75%.

Figures may not add to total due to rounding.

TABLE 13
CALCULATED SALES TAX COLLECTIONS
IN GRAHAM COUNTY FOR THE PERIOD BEGINNING
JULY 1, 1990 AND ENDING JUNE 30, 1991

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	NET TAXABLE INCOME CALCULATED	TAX RATE	SALES TAX COLLECTIONS (CALCULATED)
5. Communications	$ 3,982,861	5%	$ 199,143
11. Restaurants and Bars	11,143,377	5%	557,169
13. Rentals of Real Property	3,289,616	*	161,461
14. Rentals of Personal Property	2,772,923	5%	138,646
**. Contracting	9,795,588	5%	489,779
17. Retail	83,398,789	5%	4,169,939
Other Taxable Activities	21,944,257		1,083,778
TOTAL	$ 136,327,411		$ 6,799,915

NUMBER OF ACCOUNTS

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY 1989	FY 1990	FY 1991
5. Communications	16	14	20
11. Restaurants and Bars	63	64	64
13. Rentals of Real Property	99	115	118
14. Rentals of Personal Property	114	125	109
**. Contracting	95	115	117
17. Retail	652	680	731
Other Taxable Activities	120	131	160
TOTAL	1,159	1,244	1,319

*The tax rate on rentals of real property changed to 4.75% from 5% in January, 1991.
**Represents classes 15, 37 and 39. Each of these classes has a tax rate of 5%.

Figures may not add to total due to rounding.

TABLE 14
CALCULATED SALES TAX COLLECTIONS
IN GREENLEE COUNTY FOR THE PERIOD BEGINNING
JULY 1, 1990 AND ENDING JUNE 30, 1991

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	NET TAXABLE INCOME CALCULATED	TAX RATE	SALES TAX COLLECTIONS (CALCULATED)
5. Communications	$ 685,908	5%	$ 34,295
11. Restaurants and Bars	3,024,754	5%	151,238
13. Rentals of Real Property	476,988	*	23,538
14. Rentals of Personal Property	(2,675,564)	5%	(133,778)
15. Contracting	19,228,006	5%	961,400
17. Retail	22,382,844	5%	1,119,142
Other Taxable Activities	352,221,273		9,987,440
TOTAL	$ 395,344,209		$ 12,143,275

NUMBER OF ACCOUNTS

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY 1989	FY 1990	FY 1991
5. Communications	N/A	10	10
11. Restaurants and Bars	28	32	25
13. Rentals of Real Property	24	28	29
14. Rentals of Personal Property	51	52	49
15. Contracting	26	38	50
17. Retail	225	252	276
Other Taxable Activities	74	82	84
TOTAL	428	494	523

*The tax rate on rentals of real property changed to 4.75% from 5% in January, 1991

Figures may not add to total due to rounding.

TABLE 15
CALCULATED SALES TAX COLLECTIONS
IN LA PAZ COUNTY FOR THE PERIOD BEGINNING
JULY 1, 1990 AND ENDING JUNE 30, 1991

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	NET TAXABLE INCOME CALCULATED	TAX RATE	SALES TAX COLLECTIONS (CALCULATED)
4. Utilities	$ 14,230,488	5%	$ 711,524
5. Communications	3,680,188	5%	184,009
11. Restaurants and Bars	15,803,496	5%	790,175
12. Amusements	255,818	5%	12,791
13. Rentals of Real Property	4,388,554	*	213,971
14. Rentals of Personal Property	1,877,630	5%	93,881
**. Contracting	21,124,651	5%	1,056,233
17. Retail	61,510,298	5%	3,075,515
25. Hotel/Motel	2,464,222	5.5%	135,532
Other Taxable Activities	20,848,381		593,451
TOTAL	$ 146,183,726		$ 6,867,082

NUMBER OF ACCOUNTS

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY 1989	FY 1990	FY 1991
4. Utilities	N/A	10	11
5. Communications	10	N/A	10
11. Restaurants and Bars	91	87	84
12. Amusements	N/A	10	15
13. Rentals of Real Property	105	126	127
14. Rentals of Personal Property	106	122	126
**. Contracting	133	144	139
17. Retail	638	862	1,632
25. Hotel/Motel	19	24	32
Other Taxable Activities	118	115	116
TOTAL	1,220	1,500	2,292

*The tax rate on rentals of real property changed to 4.75% from 5% in January, 1991.
**Represents classes 15 and 46. Both classes have a tax rate of 5%.

Figures may not add to total due to rounding.

TABLE 16
CALCULATED SALES TAX COLLECTIONS
IN MARICOPA COUNTY FOR THE PERIOD BEGINNING
JULY 1, 1990 AND ENDING JUNE 30, 1991

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	NET TAXABLE INCOME CALCULATED	TAX RATE	SALES TAX COLLECTIONS (CALCULATED)
4. Utilities	$ 2,281,246,854	5%	$ 114,062,343
5. Communications	589,602,857	5%	29,480,143
9. Publishing	51,889,647	5%	2,594,482
11. Restaurants and Bars	1,939,358,391	5%	96,967,920
12. Amusements	252,844,639	5%	12,642,232
13. Rentals of Real Property	1,664,536,547	*	81,416,921
14. Rentals of Personal Property	1,146,754,237	5%	57,337,712
**. Contracting	2,554,803,601	***	127,741,610
16. Wholesale Feed	74,347,184	0.46875%	348,502
17. Retail	11,408,885,844	5%	570,444,292
25. Hotel/Motel	512,547,150	5.5%	28,190,093
Other Taxable Activities	1,490,531,651		73,977,007
TOTAL	$ 23,967,348,602		$ 1,195,203,257

NUMBER OF ACCOUNTS

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY 1989	FY 1990	FY 1991
4. Utilities	114	115	108
5. Communications	161	169	175
9. Publishing	269	289	297
11. Restaurants and Bars	4,209	4,161	4,149
12. Amusements	569	631	665
13. Rentals of Real Property	8,564	10,001	10,293
14. Rentals of Personal Property	3,090	3,165	3,090
**. Contracting	7,421	7,365	7,362
16. Wholesale Feed	119	124	119
17. Retail	32,078	33,951	36,675
25. Hotel/Motel	472	476	485
Other Taxable Activities	5,105	5,664	6,236
TOTAL	62,171	66,111	69,654

*The tax rate on rentals of real property changed to 4.75% from 5% in January, 1991.
**Represents classes 15, 26, 34, and 37
***Classes 15, 34 and 37 have a tax rate of 5%. Class 26 has a rate of 3.75%.

Figures may not add to total due to rounding.

TABLE 17
CALCULATED SALES TAX COLLECTIONS
IN MOHAVE COUNTY FOR THE PERIOD BEGINNING
JULY 1, 1990 AND ENDING JUNE 30, 1991

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	NET TAXABLE INCOME CALCULATED	TAX RATE	SALES TAX COLLECTIONS (CALCULATED)
4. Utilities	$ 95,552,370	5%	$ 4,777,619
5. Communications	20,562,332	5%	1,028,117
9. Publishing	1,212,239	5%	60,612
11. Restaurants and Bars	77,552,302	5%	3,877,615
12. Amusements	8,096,050	5%	404,802
13. Rentals of Real Property	32,185,655	*	1,574,666
14. Rentals of Personal Property	25,816,171	5%	1,290,809
**. Contracting	175,231,850	5%	8,761,593
16. Feed Wholesale	1,104,742	0.46875%	5,178
17. Retail	457,171,666	5%	22,858,583
25. Hotel/Motel	32,164,534	5.5%	1,769,049
Other Taxable Activities	23,844,515		1,106,129
TOTAL	$ 950,494,426		$ 47,514,772

NUMBER OF ACCOUNTS

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY 1989	FY 1990	FY 1991
4. Utilities	38	42	44
5. Communications	18	22	30
9. Publishing	23	25	22
11. Restaurants and Bars	368	360	357
12. Amusements	52	52	74
13. Rentals of Real Property	503	642	671
14. Rentals of Personal Property	338	367	404
**. Contracting	642	823	921
16. Feed Wholesale	13	12	11
17. Retail	2,628	2,897	3,176
25. Hotel/Motel	108	120	118
Other Taxable Activities	369	372	403
TOTAL	5,100	5,734	6,231

*The tax rate on rentals of real property changed to 4.75% from 5% in January, 1991.
**Represents classes 15 and 37. Both classes have a tax rate of 5%.

Figures may not add to total due to rounding.

TABLE 18
CALCULATED SALES TAX COLLECTIONS
IN NAVAJO COUNTY FOR THE PERIOD BEGINNING
JULY 1, 1990 AND ENDING JUNE 30, 1991

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	NET TAXABLE INCOME CALCULATED	TAX RATE	SALES TAX COLLECTIONS (CALCULATED)
4. Utilities	$ 44,132,429	5%	$ 2,206,621
5. Communications	15,614,917	5%	780,746
9. Publishing	600,001	5%	30,000
11. Restaurants and Bars	36,371,003	5%	1,818,550
12. Amusements	1,642,998	5%	82,150
13. Rentals of Real Property	9,513,821	*	466,057
14. Rentals of Personal Property	6,681,960	5%	334,098
15. Contracting	40,816,807	5%	2,040,840
17. Retail	333,846,302	5%	16,692,315
25. Hotel/Motel	15,143,808	5.5%	832,909
Other Taxable Activities	118,132,462		3,839,479
TOTAL	$ 622,496,508		$ 29,123,765

NUMBER OF ACCOUNTS

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY 1989	FY 1990	FY 1991
4. Utilities	35	37	43
5. Communications	17	17	19
9. Publishing	21	16	19
11. Restaurants and Bars	196	211	202
12. Amusements	27	33	33
13. Rentals of Real Property	272	336	321
14. Rentals of Personal Property	227	239	224
15. Contracting	391	405	414
17. Retail	1,492	1,524	1,664
25. Hotel/Motel	104	119	115
Other Taxable Activities	185	223	223
TOTAL	2,967	3,160	3,277

*The tax rate on rentals of real property changed to 4.75% from 5% in January, 1991.

Figures may not add to total due to rounding.

TABLE 19
CALCULATED SALES TAX COLLECTIONS
IN PIMA COUNTY FOR THE PERIOD BEGINNING
JULY 1, 1990 AND ENDING JUNE 30, 1991

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	NET TAXABLE INCOME CALCULATED	TAX RATE	SALES TAX COLLECTIONS (CALCULATED)
4. Utilities	$ 613,227,438	5%	$ 30,661,372
5. Communications	144,730,795	5%	7,236,540
9. Publishing	12,731,973	5%	636,599
11. Restaurants and Bars	559,122,278	5%	27,956,114
12. Amusements	53,939,951	5%	2,696,998
13. Rentals of Real Property	344,576,730	*	16,866,589
14. Rentals of Personal Property	197,854,913	5%	9,892,746
**. Contracting	569,362,846	***	28,468,084
16. Feed Wholesale	9,026,441	0.46875%	42,311
17. Retail	3,132,867,155	5%	156,643,358
25. Hotel/Motel	161,288,767	5.5%	8,870,882
Other Taxable Activities	500,615,931		18,413,462
TOTAL	$ 6,299,345,218		$ 308,385,055

NUMBER OF ACCOUNTS

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY 1989	FY 1990	FY 1991
4. Utilities	64	62	61
5. Communications	52	63	71
9. Publishing	83	80	85
11. Restaurants and Bars	1,455	1,426	1,383
12. Amusements	177	197	208
13. Rentals of Real Property	3,257	3,705	3,709
14. Rentals of Personal Property	1,109	1,104	1,151
**. Contracting	3,104	3,107	3,026
16. Feed Wholesale	57	59	57
17. Retail	10,890	11,466	12,527
25. Hotel/Motel	208	218	216
Other Taxable Activities	1,169	1,254	1,263
TOTAL	21,625	22,741	23,757

*The tax rate on rentals of real property changed to 4.75% from 5% in January, 1991.
**Represents classes 15, 24 and 37.
***Classes 15 and 37 are taxed at 5%. Class 24 is taxed at 4%.

Figures may not add to total due to rounding.

TABLE 20
CALCULATED SALES TAX COLLECTIONS
IN PINAL COUNTY FOR THE PERIOD BEGINNING
JULY 1, 1990 AND ENDING JUNE 30, 1991

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	NET TAXABLE INCOME CALCULATED	TAX RATE	SALES TAX COLLECTIONS (CALCULATED)
4. Utilities	$ 149,508,775	5%	$ 7,475,439
5. Communications	17,154,191	5%	857,710
9. Publishing	1,370,523	5%	68,526
11. Restaurants and Bars	51,889,895	5%	2,594,495
12. Amusements	8,652,442	5%	432,622
13. Rentals of Real Property	17,070,448	*	832,999
14. Rentals of Personal Property	14,078,687	5%	703,934
**. Contracting	97,840,086	5%	4,892,004
17. Retail	299,044,344	5%	14,952,217
25. Hotel/Motel	9,118,975	5.5%	501,544
Other Taxable Activities	395,859,405		9,297,331
TOTAL	$ 1,061,587,771		$ 42,608,821

NUMBER OF ACCOUNTS

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY 1989	FY 1990	FY 1991
4. Utilities	37	34	35
5. Communications	21	27	30
9. Publishing	26	29	27
11. Restaurants and Bars	296	305	305
12. Amusements	60	65	76
13. Rentals of Real Property	429	499	499
14. Rentals of Personal Property	337	358	368
**. Contracting	606	688	740
17. Retail	2,542	2,726	2,869
25. Hotel/Motel	61	65	71
Other Taxable Activities	293	313	346
TOTAL	4,708	5,109	5,366

*The tax rate on rentals of real property changed to 4.75% from 5% in January, 1991.
**Represents classes 15, 35, 37, and 39. Each of these classes has a tax rate of 5%.

Figures may not add to total due to rounding.

TABLE 21
CALCULATED SALES TAX COLLECTIONS
IN SANTA CRUZ COUNTY FOR THE PERIOD BEGINNING
JULY 1, 1990 AND ENDING JUNE 30, 1991

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	NET TAXABLE INCOME CALCULATED	TAX RATE	SALES TAX COLLECTIONS (CALCULATED)
5. Communications	$ 6,005,711	5%	$ 300,286
11. Restaurants and Bars	21,469,691	5%	1,073,485
12. Amusements	1,217,832	5%	60,892
13. Rentals of Real Property	17,348,808	*	846,000
14. Rentals of Personal Property	5,654,470	5%	282,724
**. Contracting	22,874,304	5%	1,143,715
17. Retail	183,638,631	5%	9,181,932
25. Hotel/Motel	6,134,144	5.5%	337,378
Other Taxable Activities	23,310,182		1,132,164
TOTAL	$ 287,653,773		$ 14,358,576

NUMBER OF ACCOUNTS

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY 1989	FY 1990	FY 1991
5. Communications	14	17	19
11. Restaurants and Bars	88	97	97
12. Amusements	15	13	16
13. Rentals of Real Property	173	254	259
14. Rentals of Personal Property	155	167	180
**. Contracting	177	189	182
17. Retail	818	933	1,086
25. Hotel/Motel	21	22	21
Other Taxable Activities	115	136	152
TOTAL	1,576	1,828	2,012

*The tax rate on rentals of real property changed to 4.75% from 5% in January, 1991.
**Represents classes 15 and 42. Both classes have a tax rate of 5%.

Figures may not add to total due to rounding.

TABLE 22
CALCULATED SALES TAX COLLECTIONS
IN YAVAPAI COUNTY FOR THE PERIOD BEGINNING
JULY 1, 1990 AND ENDING JUNE 30, 1991

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	NET TAXABLE INCOME CALCULATED	TAX RATE	SALES TAX COLLECTIONS (CALCULATED)
4. Utilities	$ 114,311,583	5%	$ 5,715,579
5. Communications	20,639,178	5%	1,031,959
9. Publishing	1,543,575	5%	77,179
11. Restaurants and Bars	77,854,407	5%	3,892,720
12. Amusements	4,425,283	5%	221,264
13. Rentals of Real Property	33,901,532	*	1,659,554
14. Rentals of Personal Property	17,445,760	5%	872,288
**. Contracting	142,502,135	***	7,124,994
16. Feed Wholesale	4,452,586	0.46875%	20,871
17. Retail	378,019,874	5%	18,900,944
25. Hotel/Motel	17,777,706	5.5%	977,774
Other Taxable Activities	182,737,304		5,542,300
TOTAL	$ 995,610,923		$ 46,037,426

NUMBER OF ACCOUNTS

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY 1989	FY 1990	FY 1991
4. Utilities	56	59	63
5. Communications	23	26	26
9. Publishing	37	33	37
11. Restaurants and Bars	436	401	408
12. Amusements	49	62	63
13. Rentals of Real Property	731	897	933
14. Rentals of Personal Property	352	354	383
**. Contracting	887	993	1,073
16. Feed Wholesale	23	21	21
17. Retail	3,144	3,383	3,708
25. Hotel/Motel	87	89	97
Other Taxable Activities	307	362	374
TOTAL	6,132	6,680	7,186

*The tax rate for rentals of real property changed to 4.75% from 5% in January, 1991.
**Represents classes 15, 26, and 37.
***Classes 15 and 37 are taxed at 5%. Class 26 is taxed at 3.75%.
Figures may not add to total due to rounding.

TABLE 23
CALCULATED SALES TAX COLLECTIONS
IN YUMA COUNTY FOR THE PERIOD BEGINNING
JULY 1, 1990 AND ENDING JUNE 30, 1991

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	NET TAXABLE INCOME CALCULATED	TAX RATE	SALES TAX COLLECTIONS (CALCULATED)
4. Utilities	$ 92,589,814	5%	$ 4,629,491
5. Communications	16,269,632	5%	813,482
11. Restaurants and Bars	71,469,231	5%	3,573,462
12. Amusements	4,533,498	5%	226,675
13. Rentals of Real Property	29,097,264	*	1,422,094
14. Rentals of Personal Property	24,815,929	5%	1,240,796
**. Contracting	98,340,130	5%	4,917,006
17. Retail	468,866,928	5%	23,443,346
25. Hotel/Motel	18,861,341	5.5%	1,037,374
Other Taxable Activities	47,190,454		1,543,088
TOTAL	$ 872,034,221		$ 42,846,814

NUMBER OF ACCOUNTS

TAXABLE ACTIVITIES AND BUSINESS CLASSIFICATIONS	FY 1989	FY 1990	FY 1991
4. Utilities	22	24	22
5. Communications	19	18	22
11. Restaurants and Bars	272	259	269
12. Amusements	35	37	43
13. Rentals of Real Property	459	540	524
14. Rentals of Personal Property	328	348	360
**. Contracting	407	414	403
17. Retail	2,182	2,298	2,406
25. Hotel/Motel	68	77	71
Other Taxable Activities	310	317	342
TOTAL	4,102	4,332	4,462

*The tax rate for rentals of real property changed to 4.75% from 5% in January, 1991.
**Represents classes 15, 37 and 39. Each of these classes has a tax rate of 5%.

Figures may not add to total due to rounding.

TABLE 24
STATE SALES TAX DISTRIBUTION TO COUNTIES
1986-87 THROUGH 1990-91

COUNTY	1986-87	1987-88	1988-89	1989-90	1990-91
Apache	$ 2,855,747	$ 2,855,747	$ 2,855,747	$ 2,890,723	$ 2,870,931
Cochise	3,431,334	3,476,947	3,732,369	3,988,680	3,903,304
Coconino	5,610,720	5,837,146	6,540,600	6,907,565	7,381,982
Gila	2,136,012	2,333,551	2,717,820	2,810,317	2,989,847
Graham	687,487	707,622	766,463	822,629	795,055
Greenlee	1,026,409	1,455,429	1,938,831	2,057,123	1,992,007
La Paz	795,295	841,691	1,005,943	1,069,630	1,066,046
Maricopa	124,891,722	131,829,415	145,710,409	153,312,885	159,572,564
Mohave	4,164,980	4,281,442	4,911,808	5,896,249	6,151,521
Navajo	4,506,484	4,659,465	4,734,392	4,942,403	4,881,189
Pima	33,291,637	34,663,653	37,449,324	38,659,812	38,279,737
Pinal	4,412,252	4,928,417	5,884,454	6,311,884	6,459,347
Santa Cruz	1,180,945	1,252,506	1,522,728	1,685,339	1,729,887
Yavapai	4,751,896	5,223,667	5,786,096	6,066,679	6,525,574
Yuma	3,898,260	4,143,925	4,532,553	4,799,367	4,936,270
	$ 197,641,179	$ 208,490,623	$ 230,089,535	$ 242,221,287	$ 249,535,260

County distributions are based on relative assessed valuation and sales in the county

Figures may not add to totals due to rounding

TABLE 25
STATE SALES TAX DISTRIBUTION TO MUNICIPALITIES
FOR FISCAL YEAR 1990–91

CITIES BY COUNTY	AMOUNT	COUNTY TOTAL
APACHE		
Eagar	$ 261,692	
Springerville	122,453	
St. Johns	219,813	$ 603,958
COCHISE		
Benson	276,600	
Bisbee	463,322	
Douglas	852,490	
Huachuca City	109,202	
Sierra Vista	1,903,270	
Tombstone	104,610	
Willcox	211,403	3,920,898
COCONINO		
Flagstaff	2,538,936	
Fredonia	68,836	
Page	423,572	
Williams	149,488	3,180,832
GILA		
Globe	446,014	
Hayden	77,281	
Miami	174,032	
Payson	464,779	
Winkelman	67,357	1,229,464
GRAHAM		
Pima	105,174	
Safford	460,053	
Thatcher	226,287	791,514
GREENLEE		
Clifton	270,417	
Duncan	39,720	310,137
LA PAZ		
Parker	167,982	
Quartzsite	112,271	280,253
MARICOPA		
Avondale	817,122	
Buckeye	253,425	
Carefree	99,990	
Cave Creek	153,587	
Chandler	4,307,238	
El Mirage	285,056	
Fountain Hills	400,094	
Gila Bend	129,413	
Gilbert	877,598	
Glendale	8,131,730	
Goodyear	308,996	
Guadalupe	305,613	
Litchfield Park	240,367	
Mesa	15,908,628	
Paradise Valley	771,874	
Peoria	1,920,681	
Phoenix	59,261,287	
Queen Creek	$ 144,561	
Scottsdale	7,199,220	
Surprise	278,501	
Tempe	8,736,387	
Tolleson	290,120	
Wickenburg	259,586	
Youngtown	150,805	$ 111,231,909
MOHAVE		
Bullhead City	1,141,926	
Colorado City	138,879	
Kingman	693,346	
Lake Havasu City	1,193,815	3,167,966
NAVAJO		
Holbrook	372,644	
Pinetop-Lakeside	156,351	
Show Low	328,606	
Snowflake	239,132	
Taylor	133,229	
Winslow	519,206	1,749,168
PIMA		
Marana	112,034	
Oro Valley	386,780	
South Tucson	421,087	
Tucson	24,443,624	25,363,525
PINAL		
Apache Junction	952,833	
Casa Grande	1,040,316	
Coolidge	448,275	
Eloy	412,859	
Florence	405,565	
Kearny	171,044	
Mammoth	124,299	
Superior	295,006	3,850,199
SANTA CRUZ		
Nogales	1,044,546	
Patagonia	63,604	1,108,150
YAVAPAI		
Camp Verde	384,439	
Chino Valley	254,700	
Clarkdale	113,144	
Cottonwood	332,067	
Jerome	30,388	
Prescott	1,420,698	
Prescott Valley	374,804	
Sedona	479,914	3,390,155
YUMA		
San Luis	190,738	
Somerton	290,971	
Wellton	82,091	
Yuma	3,101,117	3,644,916
TOTAL	$ 163,823,044	$ 163,823,044

City distributions are based on relative population.
Figures may not add to total due to rounding.

TABLE 26
MUNICIPAL SALES TAX COLLECTION PROGRAM
COLLECTIONS BY CITY
FOR FISCAL YEAR 1990-91

CITY	RATE (PERCENT)	COLLECTIONS	CITY	RATE (PERCENT)	COLLECTIONS
Apache Junction	2*	$ 3,062,592	Miami	1	$ 71,144
Avondale	1.5*	1,139,942	Oro Valley	2*	1,474,531
Benson	2	673,554	Page	1*	1,191,614
Bisbee	2*	732,470	Paradise Valley	1*	2,248,545
Buckeye	1*	229,554	Parker	2*	584,059
Bullhead City	2	4,639,735	Payson	2	1,930,523
Camp Verde	1	268,586	Pima	1	35,330
Carefree	1	354,825	Pinetop-Lakeside	2.5	1,217,881
Casa Grande	1.5*	3,400,968	Prescott Valley	2	1,221,887
Cave Creek	1.5*	296,580	Quartzsite	1	140,404
Chino Valley	2	525,508	Safford	1	857,891
Clarkdale	2*	114,230	St. Johns	2*	336,369
Clifton	1	83,448	San Luis	2	799,409
Colorado City	1*	35,959	Sedona	2*	3,631,700
Coolidge	2*	945,305	Show Low	2	2,243,255
Cottonwood	2	2,397,984	Sierra Vista	1.2*	2,875,185
Douglas	2.5	2,434,895	Snowflake	2	295,676
Duncan	2	62,664	Somerton	2	239,714
Eagar	2	303,806	South Tucson	2	1,099,014
El Mirage	2	346,322	Springerville	3*	743,145
Eloy	2*	868,413	Superior	1	63,902
Florence	2	506,993	Surprise	2*	1,116,104
Fredonia	2	56,817	Taylor	1	129,578
Gila Bend	2*	244,294	Thatcher	1	429,538
Gilbert	1	3,167,828	Tolleson	2	1,719,676
Glendale	1	12,827 (1)	Tombstone	2	195,358
Globe	1	563,100	Wellton	2	172,278
Goodyear	2	1,825,986	Wickenburg	1	658,088
Guadalupe	2	359,145	Willcox	2*	673,743
Hayden	0.25	11,574	Williams	3*	1,104,727
Holbrook	2	1,098,466	Winkelman	2	43,676
Huachuca City	1	45,356	Winslow	2*	1,428,053
Jerome	2*	107,427	Youngtown	1	170,955
Kearny	1*	105,318	Yuma	1	6,365,737
Kingman	2*	3,483,352			
Lake Havasu City	2*	5,371,390	TOTAL		$ 78,318,301
Litchfield Park	2*	613,387			
Marana	2	319,014			

* Jurisdiction levied at more than one rate during the fiscal year. Rate shown is either the current rate or the rate charged on most transactions.

(1) The City of Glendale was no longer part of the Department's Collection program. This figure does not represent a full year's collection by the city.

Figures may not add to total due to rounding.

TABLE 27
MUNICIPAL SALES TAX COLLECTION PROGRAM
1975-76 THROUGH 1990-91

FISCAL YEAR	TOTAL COLLECTIONS	NUMBER OF CITIES IN PROGRAM
1975-76	$ 10,679,373	37
1976-77	12,979,383	40
1977-78	16,107,372	43
1978-79	20,708,038	50
1979-80	24,024,045	52
1980-81	27,408,078	57
1981-82	31,132,392	59
1982-83	34,141,550	59
1983-84	39,237,842	60
1984-85	45,595,426	64
1985-86	51,527,477	64
1986-87	56,602,528	66
1987-88	63,372,873	69
1988-89	69,681,317	69
1989-90	69,436,099	70
1990-91	78,318,301	71

Income Tax

Income Tax

In the State of Arizona, there are two categories of income tax: corporate, which is levied against incorporated entities doing business in Arizona; and individual, which is levied against those persons who earn income in Arizona. *(Refer to Table 28)*

Employers are required to withhold a portion of employees' wages for application toward their Arizona individual income tax liability. Arizona withholds taxes at rates of 10 percent, 20 percent, 25 percent and 29 percent of federal withholding. The 10 percent rate is mandatory on wages of less than $15,000, and the 20 percent rate is mandatory on wages of $15,000 or more. The 20, 25 and 29 percent rates are optional to the taxpayer.

Corporate Income Tax

Major Features

There are approximately 51,000 corporations filing in the State of Arizona with gross taxes of $249.7 million. *(Refer to Table 28)* Every corporation registered to conduct business in Arizona is required to file a corporate income tax return.

Corporations are required to make estimated tax payments every quarter during the tax year only if (1) their annual Arizona tax liability exceeds $1,000 and (2) if they are required to file federal estimated tax payments.

The corporate tax rate is a flat 9.3 percent on taxable income for the 1990 tax year. There is a minimum $50 liability imposed on all corporate returns.

Individual Income Tax

Major Features

There are approximately 1.49 million individual filers reporting income totaling more than $38 billion. Individuals with an Arizona gross income (which is defined as federal adjusted gross income) of more than $100,000 are required to file federal estimated tax payments. Additionally, any portion of any individual's income tax refund can be applied to the next year's income taxes as an estimated payment.

The rate structure is graduated from 3.8 percent on individual income of up to $10,000 (or joint income of $20,000) to a maximum of 7 percent on individual income over $150,000 (or joint income over $300,000).

The senior citizen's property tax credit is a refundable income tax credit granted to persons 65 years of age or older with household incomes that do not exceed $3,750 for persons living alone or $5,500 for persons living with a spouse or other person. The amount of property tax credit reduces as income increases. This credit cannot exceed the actual amount of property tax paid by the taxpayer. *(Refer to Tables 29 and 30)*

The renter's tax credit is a refundable income tax credit granted to persons who pay rent for their principal home for at least six months of the calender year. For tax year 1991, the credit cannot exceed $40. The credit is limited to only those taxpayers with a federal adjusted gross income of $25,000 or less. *(Refer to Tables 29 and 30)*

Distribution

State income tax collections are shared with Arizona municipalities in an Urban Revenue

Sharing program. Each year, an amount equal to 15 percent of net collections from two years prior is distributed to cities and towns. This distribution is based on population and is given only to incorporated cities and towns. The remainder is deposited in the state general fund after amounts sufficient to pay refunds are set aside. *(Refer to Tables 28, 31 and 32)*

Voluntary taxpayer contributions to child abuse prevention, wildlife programs and political parties are distributed to the appropriate agency/political party or organization. *(Refer to Table 28)*

TABLE 28
INCOME TAX COLLECTIONS

SOURCE	1986–87	1987–88	1988–89	1989–90	1990–91	PERCENT OF NET COLLECTIONS IN 1990–91
Withheld from Wages						
Gross Revenue	$ 599,660,202	$ 698,699,875	$ 773,395,690	$ 823,315,492	$ 932,719,156	
Refunds and Charge–offs	171,542,248	2,247,014 (1)	2,090,239	4,498,512	3,173,125	
NET	$ 428,117,954	$ 696,452,861	$ 771,305,451	$ 818,816,980	$ 929,546,031	65%
Individual & Fiduciaries						
Gross Revenue	$ 333,498,960	$ 345,881,711	$ 370,129,112	$ 461,313,249	$ 477,266,209	
Refunds and Charge–offs	195,226	188,354,346 (1)	229,270,341	283,724,544	163,155,940	
NET	$ 333,303,734	$ 157,527,365	$ 140,858,772	$ 177,588,705	$ 314,110,269	22%
Corporations						
Gross Revenue	$ 249,213,473	$ 229,759,928	$ 257,153,477	$ 238,183,418	$ 249,762,565	
Refunds and Charge–offs	50,264,849	79,011,174	56,283,751	60,116,316	58,090,084	
NET	$ 198,948,624	$ 150,748,754	$ 200,869,726	$ 178,067,102	$ 191,672,481	13%
Sub–total						
Net Collections	$ 960,370,312	$ 1,004,728,980	$ 1,113,033,948	$ 1,174,472,787	$ 1,435,328,781	100%
Less distributions for:						
Urban Revenue Sharing	$ 124,212,169	$ 130,653,468	$ 143,956,984	$ 150,622,581	$ 166,863,264	
Contracted Collection Agency	133,834	82,254	47,571	15,780	43,360	
Wildlife Contributions	244,496	232,818	259,620	245,405	175,768	
Child Abuse Prevention	278,754	263,369	281,996	274,018	188,007	
Democratic Party			10,342	10,733	7,846	
Republican Party			10,583	11,192	8,968	
Libertarian Party			1,342	1,254	203	
New Alliance			733	88	2	
Sub–Total Distributions	$ 124,869,253	$ 131,231,909	$ 144,569,171	$ 151,181,051	$ 167,292,418	
NET REVENUE TO STATE GENERAL FUND	$ 835,501,059	$ 873,497,071	$ 968,464,777	$ 1,023,291,736	$ 1,268,036,362	

(1) The method of accounting for refunds and charge-offs changed in the 1987-88 fiscal year.

TABLE 29
EXEMPTIONS, DEDUCTIONS & CREDITS INDEXED TO INFLATION

TAX YEAR	PERSONAL EXEMPTION	BLIND EXEMPTION	AGE 65 AND OVER EXEMPTION	DEPENDENT EXEMPTION	STANDARD DEDUCTION %	STANDARD DEDUCTION LIMIT (1)	MAXIMUM RENTER'S CREDIT	MAXIMUM PROPERTY TAX CREDIT
1977 (base year)	$ 1,000	$ 500	$ 1,000	$ 600	10.00 %	$ 500/1,000	$ 50	$ 225
1978	1,101	551	1,101	661	11.00	551/1,101	83 (2)	248
1979	1,226	613	1,226	736	12.00	613/1,226	92	276
1980	1,422	711	1,422	854	14.00	711/1,422	107	320
1981	1,589	795	1,589	954	16.00	795/1,589	120	358
1982	1,729	865	1,729	1,038	17.00	865/1,729	130	389
1983	1,759	880	1,759	1,056	18.00	880/1,759	132	396
1984	1,834	917	1,834	1,100	18.00	917/1,834	100 (3)	413 (4)
1985	1,941	971	1,941	1,165	19.40	971/1,941	100	437
1986	1,996	998	1,996	1,198	19.96	998/1,996	100	449
1987	2,045	1,023	2,045	1,227	20.45	1,023/2,045	100	460
1988	2,125	1,062	2,125	1,275	21.25	1,063/2,125	85	478
1989	2,229	1,115	2,229	1,337	22.29	1,115/2,229	70	502
1990 (5)	2,000	1,500	1,500	2,000	NA	3,500/7,000	55	502

(1) Amounts shown are for individual and married-filing-jointly returns.
(2) Base for renter's credit changed to $75 in 1978.
(3) As of the 1984 tax year, the renter's tax credit is 5 percent of rent paid or $100, whichever is less.
(4) As of the 1984 tax year, the property tax credit is capped based on the actual property tax paid.
(5) Inflation indexing was repealed by Chapter 3 of the Third Special Session 1990 for tax years beginning with 1990.

TABLE 30
SELECTED INDIVIDUAL INCOME TAX CREDITS

CREDIT	1987–1988 CLAIMANTS	1987–1988 CREDITS	1988–1989 CLAIMANTS	1988–1989 CREDITS	1989–1990 CLAIMANTS	1989–1990 CREDITS	1990–1991 CLAIMANTS	1990–1991 CREDITS*
Property Tax	26,868	6,147,296	27,279	6,509,568	25,275	6,406,410	24,383	6,283,194
Renter's	248,435	22,989,249	261,987	21,197,646	253,691	17,127,510	177,139	9,609,346
TOTAL CREDITS		$ 29,136,545		$ 27,707,214		$ 23,533,920		$ 15,892,540

TABLE 31
URBAN REVENUE SHARING

FISCAL YEAR	AMOUNT	
1975-76	$ 26,558,140	
1976-77	30,313,600	
1977-78	31,405,355	
1978-79	36,356,905	
1979-80	42,997,581	
1980-81	53,942,465	
1981-82	65,083,596	
1982-83	73,596,099	
1983-84	83,061,596	
1984-85	96,166,908	
1985-86	108,637,795	(1)
1986-87	124,212,169	
1987-88	130,653,477	
1988-89	143,956,984	
1989-90	150,622,581	
1990-91	166,863,264	

(1) Distributed in FY 85-86. $99,574,591 came from FY 85-86 receipts. The remaining $9,063,204 was set aside from FY 84-85 receipts.

TABLE 32
DISTRIBUTION OF INCOME TAX AS URBAN REVENUE SHARING
TO MUNICIPALITIES IN 1990-91

CITIES BY COUNTY	AMOUNT	% OF TOTAL
APACHE		
Eagar	$ 269,446.80	0.161478 %
Springerville	126,540.96	0.075835
St. Johns	226,817.52	0.135930
COCHISE		
Benson	287,225.88	0.172132
Bisbee	481,785.12	0.288730
Douglas	879,389.28	0.527012
Huachuca City	111,859.80	0.067037
Sierra Vista	1,938,723.96	1.161864
Tombstone	109,906.80	0.065866
Willcox	218,399.40	0.130885
COCONINO		
Flagstaff	2,575,739.04	1.543623
Fredonia	70,038.60	0.041974
Page	435,653.88	0.261084
Williams	152,603.43	0.091454
GILA		
Globe	463,736.76	0.277914
Hayden	81,150.60	0.048633
Miami	182,908.68	0.109616
Payson	471,616.08	0.282636
Winkelman	71,385.60	0.042781
GRAHAM		
Pima	107,684.40	0.064535
Safford	472,087.44	0.282919
Thatcher	231,396.96	0.138675
GREENLEE		
Clifton	285,879.00	0.171325
Duncan	40,608.96	0.024337
LA PAZ		
Parker	171,190.68	0.102593
Quartzsite	114,755.64	0.068772
MARICOPA		
Avondale	821,001.24	0.492020
Buckeye	254,496.24	0.152518
Carefree	102,229.56	0.061265
Cave Creek	154,960.56	0.092867
Chandler	4,297,747.20	2.575610
El Mirage	290,054.28	0.173828
Fountain Hills	390,061.44	0.233761
Gila Bend	134,622.36	0.080678
Gilbert	815,007.48	0.488428
Glendale	8,242,472.52	4.939657
Goodyear	309,651.72	0.185572
Guadalupe	310,392.48	0.186016
Litchfield Park	249,714.72	0.149652
Mesa	16,134,953.79	9.669566
Paradise Valley	795,881.64	0.476966
Peoria	1,858,583.52	1.113836
Phoenix	60,611,252.38	36.323904
Queen Creek	$ 146,340.36	0.087701 %
Scottsdale	7,303,348.44	4.376846
Surprise	270,726.36	0.162244
Tempe	8,952,960.84	5.365448
Tolleson	298,876.56	0.179115
Wickenburg	264,328.56	0.158410
Youngtown	154,017.72	0.092302
MOHAVE		
Bullhead City	1,150,991.04	0.689781
Colorado City	141,356.88	0.084714
Kingman	702,272.28	0.420867
Lake Havasu City	1,195,304.04	0.716337
NAVAJO		
Holbrook	389,590.08	0.233479
Pinetop-Lakeside	160,886.88	0.096418
Show Low	338,542.68	0.202886
Snowflake	246,212.88	0.147554
Taylor	135,093.84	0.080961
Winslow	533,438.64	0.319686
PIMA		
Marana	112,735.32	0.067561
Oro Valley	394,169.52	0.236223
South Tucson	441,378.24	0.264515
Tucson	25,001,780.27	14.983394
PINAL		
Apache Junction	961,617.36	0.576291
Casa Grande	1,053,745.08	0.631502
Coolidge	461,379.72	0.276502
Eloy	420,231.96	0.251842
Florence	410,399.64	0.245950
Kearny	178,194.48	0.106791
Mammoth	128,359.32	0.076925
Superior	309,786.36	0.185653
SANTA CRUZ		
Nogales	1,056,169.44	0.632955
Patagonia	65,997.96	0.039552
YAVAPAI		
Camp Verde	393,967.44	0.236102
Chino Valley	257,055.36	0.154051
Clarkdale	114,216.84	0.068449
Cottonwood	337,330.44	0.202160
Jerome	31,652.04	0.018969
Prescott	1,436,802.72	0.861066
Prescott Valley	368,443.80	0.220806
Sedona	492,223.56	0.294986
YUMA		
San Luis	189,171.72	0.113369
Somerton	295,037.88	0.176814
Wellton	63,304.20	0.037938
Yuma	3,152,211.00	1.889098
TOTAL	$ 166,863,264.15	100.000000 %

Property Tax

PROPERTY TAX

Tax Base

In Arizona, the property tax is based upon the value of property (*ad valorem*, meaning "in proportion to the value"). The tax is calculated from two different bases: full cash value (or market value) and limited value (i.e., statutorily-controlled value). The full cash value is used to calculate tax rates to pay for voter-initiated bonds, overrides and special district levies. *(Refer to Table 34)* Taxes based upon the limited (or controlled) value produce funds to maintain the basic operations of state, county and city government, schools and other public entities. *(Refer to Table 33)* Limited values can never exceed the full cash value of each property. Taxes calculated on the limited value, called primary taxes, are added to those derived from the full cash value, or secondary taxes, to produce the total annual tax bill.

All taxable property in Arizona is classified according to its actual use. Each classification is assigned a specific assessment ratio which is multiplied by the limited or full cash values to produce an assessed value. The assessed value is the basis for calculating tax bills. The assessment ratios are prescribed by law. Those in effect in 1991 are shown below.

Classification	Ratio
1. Producing mines, standing timber	30%
2. Telecommunication property, gas, electric and water utilities, pipelines	30%
3. Commercial and industrial property	25%
4. Agricultural, vacant land and other property not otherwise classified	16%
5. Owner-occupied residential property	10%
6. Rental residential property	13%
7. Railroad and private rail car property, airline flight property	25%
8. Historic property	5%
9. Livestock, poultry, aquatic animals and colonies of bees	8%
10. Producing oil and gas interests	100%

House Bill 2028, passed in 1990, established the Class 6 assessment ratio at 14 percent in 1990, with additional reductions of 1 percentage point per year to be made until 1992. Senate Bill 1082, adopted in 1991, continued the reduction of the Class 6 assessment ratio by 1 percentage point per year through 1994, when the Class 6 ratio will reach and thereafter remain at 10 percent. House Bill 2222, adopted in 1991, established the new Class 9.

General Property Tax Administration

Duties of valuing property for tax purposes are divided among the Department of Revenue and the 15 counties. The department values utilities, airlines, railroads, mines and other geographically-dispersed properties. *(Refer to Graph 35 and Table 36)* Values determined by the department for those properties are transmitted to the county boards of supervisors for entry upon the county tax rolls for levy and collection of property taxes.

County assessors, utilizing standards and manuals established by the department, are responsible for assessment of other classes of property, including residential, commercial, industrial and agricultural properties. *(Refer to Tables 37, 37A and Graph 38)*

Appeals of valuation or classification for locally assessed (i.e., county assessor-valued) properties originate with the property owner's petition for review filed with the county assessor. Such appeals may be continued to the county board of equalization and the State Board of Tax Appeals. Appeals also may be carried on to the State Tax Court.

For properties valued by the department, valuation or classification appeals may be filed with the department, the State Board of Tax Appeals and the State Tax Court.

Tax Collection and Distribution

Other than the two exceptions noted below, county treasurers collect all property taxes and distribute receipts to all taxing entities. The state property tax collected by the counties is deposited in the state general fund.

Taxes levied on airline flight properties and private rail car properties are collected by the department and deposited with the State Treasurer. Taxes on airline flight properties and private car companies are levied at the average state tax rate. *(Refer to Table 39)* This rate is derived by dividing the total of all of the levies in the state by the total net assessed value in the state. This calculation produces the weighted average of all of the levies in the state and is referred to as the "average state tax rate".

Equalization

The department's primary tool in evaluating assessment performance is its sales ratio study, which compares assessed values with sales prices of recently sold properties. These studies are performed several times each year by county, type of property and area. Table 40 and Graph 41 show statewide median sales ratios and coefficients of dispersion for the tax years 1980 through 1990.

Sales ratios are derived by dividing assessed values by sales prices of recently sold properties. The median sales ratio is the middle sales ratio when the ratios are arrayed in order of magnitude; in other words, there are an equal number of properties above and below the median.

Coefficients of dispersion are measures of the uniformity or consistency of sales ratios and are a measure of how equally all taxpayers are treated. General coefficients of dispersion targets are currently 25 percent for vacant land and commercial properties, and 15 percent for residential properties. Lower coefficients of dispersion indicate greater equity in property assessments.

Centrally Valued Properties

The Centrally Valued Properties Unit of the Property Valuation Section of the department's Division of Property Valuation and Equalization is responsible for the annual valuation of 12 industries for ad valorem property tax purposes. *(See chart next page)*

Generally, these are large, complex properties which are often located in more than one county and/or in more than one state. Values are determined for the entire system and then apportioned to Arizona and to the individual taxing jurisdictions. They are referred to as "centrally valued" because they are valued (assessed) by the department rather than by the 15 county assessors. The value of centrally valued properties accounts for approximately one-fourth of all the assessed value of property in Arizona. *(Refer to Tables 37, 37A and Graph 38)*

Except for private rail cars, the values are established for these industries by the first Monday in June each year. Private rail car values are established by October 15 each year. Any taxpayer dissatisfied with the value determined by the department may appeal to the Board of Tax Appeals, Division One. The Board of Tax Appeals conducts hearings with centrally valued taxpayers during July and must render its final decisions by July 31.

The number of centrally valued properties included in each of the industries valued by the department is as follows:

Industry	Number of Properties			
	1988	1989	1990	1991
Railroads	6	6	9	9
Telecommunications	21	21	22	28
Gas Transmission (Pipelines)	9	9	9	9
Electric & Gas Utilities	25	23	26	23
Electric Cooperatives	12	12	12	12
Municipal Utility (Salt River Project)	1	1	1	1
Water Utilities	400	432	432	432
Airlines (Aircraft)	35	35	34	34
Private Rail Cars	275	275	280	240
Mines (Producing)	39	51	53	58
Mines (Non-Producing)	9	9	7	10
Producing Oil & Gas Interests	3	4	4	3
Sewer Utilities				32
TOTAL	835	878	889	891

TABLE 33
STATE OF ARIZONA
1991 PRIMARY TAX LEVIES

TAX AUTHORITY	NET ASSESSED VALUATION	STATE	COUNTY	CITIES AND TOWNS	COMMUNITY COLLEGES	SCHOOLS	ALL OTHER	TOTAL	PRIMARY RATE
APACHE	$ 437,251,660	$ 6,675,411	$ 3,036,713	$ 0	$ 0	$ 9,412,146	$ 0	$ 19,124,270	$ 4.37
COCHISE	377,833,053	3,324,391	13,146,361	1,216,625	6,600,000	16,966,285	0	41,253,662	10.92
COCONINO	609,567,677	2,864,968	5,980,469	1,764,780	2,200,000	27,059,497	0	39,869,714	6.54
GILA	253,726,437	1,192,514	10,338,396	1,323,077	0	12,339,848	0	25,193,835	9.93
GRAHAM	60,547,951	284,575	1,500,196	106,280	1,001,403	1,729,226	0	4,621,680	7.63
GREENLEE	146,958,920	690,707	1,051,491	5,394	0	5,095,663	0	6,843,255	4.66
LA PAZ	99,775,144	468,943	2,677,952	0	1,744,488	3,289,301	0	8,180,684	8.20
MARICOPA	13,875,615,691	126,961,305	210,113,008	57,493,896	103,498,218	626,854,519	0	1,124,920,946	8.11
MOHAVE	579,804,963	2,725,083	13,342,825	175,000	5,179,978	26,881,735	0	48,304,621	8.33
NAVAJO	506,833,382	6,969,361	4,708,988	197,250	4,440,871	16,178,560	0	32,495,030	6.41
PIMA	2,969,739,256	13,957,775	125,468,514	3,400,586	28,046,218	144,920,800	0	315,793,893	10.63
PINAL	552,425,045	2,649,578	26,813,054	1,298,514	8,638,270	28,552,370	0	67,951,786	12.30
SANTA CRUZ	133,267,175	626,356	3,765,288	0	0	6,379,165	0	10,770,809	8.08
YAVAPAI	628,166,161	2,952,381	16,344,883	953,005	9,468,127	28,611,123	0	58,329,519	9.29
YUMA	385,365,571	1,811,218	9,496,188	3,109,562	6,737,818	18,543,080	0	39,697,866	10.30
TOTAL STATE	$ 21,616,878,086	$ 174,154,566	$ 447,784,326	$ 71,043,969	$ 177,555,391	$ 972,813,318	$ 0	$ 1,843,351,570	$ 8.53

AVERAGE STATE PRIMARY TAX RATE PER $100 $8.53

1990 PRIMARY TAX LEVIES

TAX AUTHORITY	NET ASSESSED VALUATION	STATE	COUNTY	CITIES AND TOWNS	COMMUNITY COLLEGES	SCHOOLS	ALL OTHER	TOTAL	PRIMARY RATE
APACHE	$ 416,573,304	$ 4,684,318	$ 2,949,339	$ 0	$ 0	$ 9,638,718	$ 0	$ 17,272,375	$ 4.15
COCHISE	368,418,912	3,011,456	12,793,014	1,128,487	5,981,308	15,934,808	0	38,849,073	10.54
COCONINO	574,904,616	2,702,052	5,609,919	1,633,743	0	24,559,391	0	34,505,105	6.00
GILA	248,420,986	1,167,579	9,414,650	1,347,628	0	12,019,094	0	23,948,951	9.64
GRAHAM	60,370,165	283,740	1,518,008	110,093	957,169	1,990,157	0	4,859,167	8.05
GREENLEE	111,934,052	526,090	818,851	5,393	0	4,029,917	0	5,380,251	4.81
LA PAZ	99,221,095	466,339	2,759,534	0	1,680,011	3,280,927	0	8,186,811	8.25
MARICOPA	14,132,936,570	123,002,067	212,626,503	56,248,029	99,594,804	616,022,515	0	1,107,493,918	7.84
MOHAVE	517,453,526	2,432,032	11,959,867	150,000	4,663,808	22,949,293	0	42,155,000	8.15
NAVAJO	514,490,109	6,431,153	4,683,271	198,754	4,184,252	15,595,393	0	31,092,823	6.04
PIMA	2,983,159,724	14,020,851	126,034,670	4,655,860	26,879,215	150,799,888	0	322,390,484	10.81
PINAL	546,876,794	2,570,321	26,598,447	1,199,620	8,551,512	26,715,329	0	65,635,229	12.00
SANTA CRUZ	125,299,533	588,908	4,233,872	0	0	5,682,568	0	10,505,348	8.38
YAVAPAI	587,727,081	2,762,317	15,292,450	885,774	8,958,387	27,333,387	0	55,232,315	9.40
YUMA	372,513,546	1,750,814	9,140,526	3,003,696	6,307,396	17,614,885	0	37,817,317	10.15
TOTAL STATE	$ 21,660,300,013	$ 166,400,037	$ 446,432,921	$ 70,567,077	$ 167,757,862	$ 954,166,270	$ 0	$ 1,805,324,167	$ 8.33

AVERAGE STATE PRIMARY TAX RATE PER $100 $8.33

TABLE 34
STATE OF ARIZONA
1991 SECONDARY TAX LEVIES

TAX AUTHORITY	NET ASSESSED VALUATION	STATE	COUNTY	CITIES AND TOWNS	COMMUNITY COLLEGES	SCHOOLS	ALL OTHER	TOTAL	SECONDARY RATE
APACHE	$ 439,211,144	$ 0	$ 2,556,209	$ 0	$ 0	$ 5,962,373	$ 989,442	$ 9,508,024	$ 2.16
COCHISE	385,755,209	0	2,527,836	127,850	0	5,655,951	3,426,394	11,738,031	3.04
COCONINO	642,315,210	0	1,307,688	3,903,528	0	10,623,840	3,572,980	19,408,036	3.02
GILA	256,740,495	0	911,477	109,383	1,021,172	3,516,735	1,113,241	6,672,008	2.60
GRAHAM	61,636,376	0	12,820	0	0	1,795,189	191,287	1,999,296	3.24
GREENLEE	147,154,678	0	9,952	0	0	1,222,280	65,478	1,297,710	0.88
LAPAZ	105,146,972	0	77,359	0	287,498	858,000	1,142,422	2,365,279	2.25
MARICOPA	14,235,175,875	0	33,356,585	92,159,348	13,421,470	272,001,283	80,542,300	491,480,986	3.45
MOHAVE	626,219,497	0	4,952,335	510,000	0	8,811,231	8,665,610	22,939,176	3.66
NAVAJO	513,920,156	0	300,000	49,750	0	9,583,707	2,303,203	12,236,660	2.38
PIMA	2,998,163,538	0	40,907,513	12,309,000	0	46,530,962	25,189,809	124,937,284	4.17
PINAL	573,707,673	0	792,041	311,857	372,910	9,510,828	5,747,440	16,735,076	2.92
SANTA CRUZ	148,463,062	0	770,276	0	0	2,767,299	1,356,555	4,894,130	3.30
YAVAPAI	657,274,758	0	1,347,590	1,372,814	1,097,911	9,133,605	6,456,267	19,408,187	2.95
YUMA	397,946,504	0	2,505,072	361,975	1,088,092	6,161,482	3,194,418	13,311,039	3.34
TOTAL STATE	$ 22,188,831,147	$ 0	$ 92,334,753	$ 111,215,505	$ 17,289,053	$ 394,134,765	$ 143,956,846	$ 758,930,922	$ 3.42

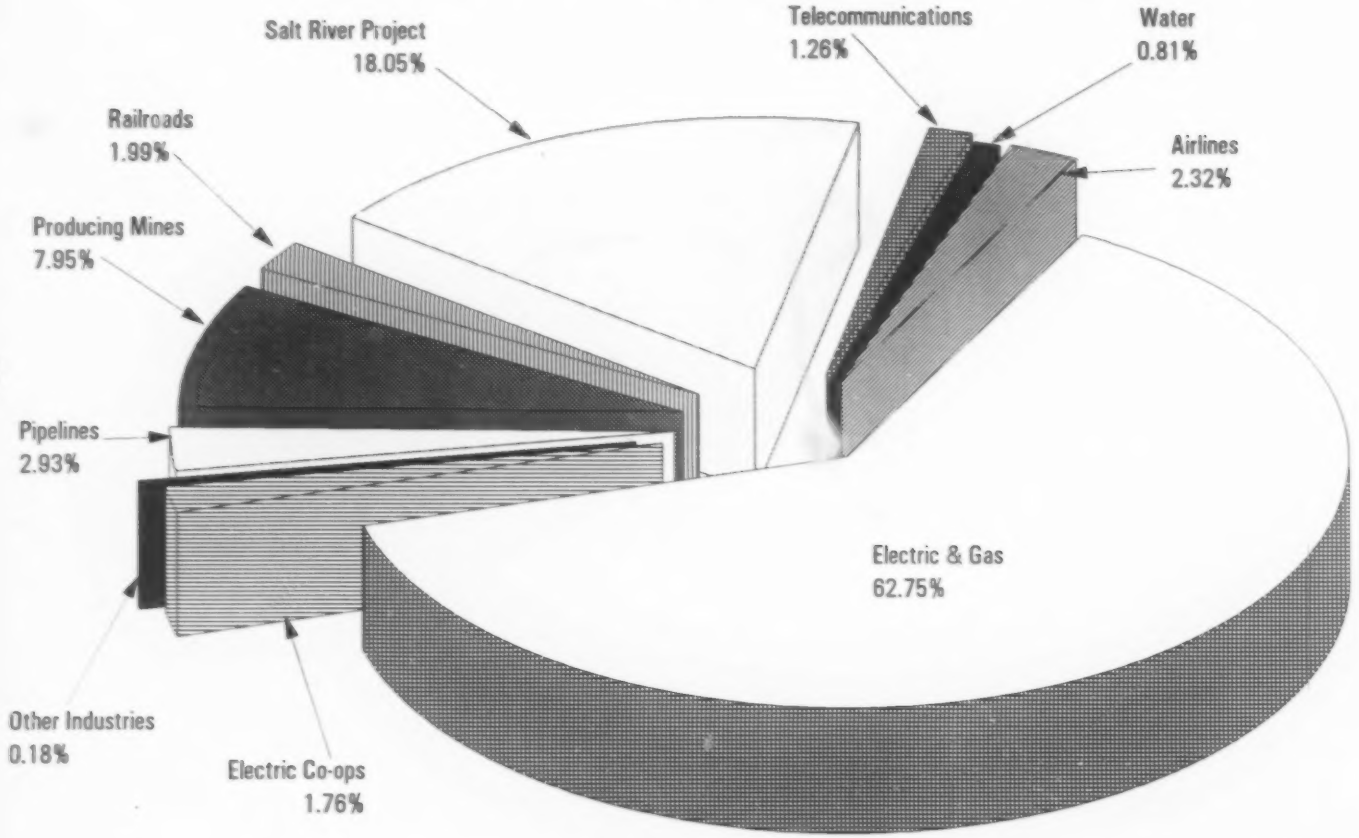
AVERAGE STATE SECONDARY TAX RATE PER $100 $3.42

1990 SECONDARY TAX LEVIES

TAX AUTHORITY	NET ASSESSED VALUATION	STATE	COUNTY	CITIES AND TOWNS	COMMUNITY COLLEGES	SCHOOLS	ALL OTHER	TOTAL	SECONDARY RATE
APACHE	$ 420,275,797	$ 0	$ 1,536,108	$ 0	$ 0	$ 5,273,282	$ 821,686	$ 7,631,076	$ 1.82
COCHISE	375,912,863	0	2,182,068	128,179	0	4,618,201	3,240,574	10,169,022	2.71
COCONINO	601,870,951	0	1,315,999	2,901,520	0	8,111,531	3,374,603	15,703,653	2.61
GILA	251,343,906	0	685,554	13,175	957,000	2,813,115	969,646	5,438,490	2.16
GRAHAM	60,670,643	0	15,532	0	71,227	1,690,472	200,845	1,978,076	3.26
GREENLEE	112,266,616	0	9,140	0	0	1,240,544	63,153	1,312,837	1.17
LAPAZ	105,233,349	0	70,417	0	245,299	543,000	1,031,409	1,890,125	1.80
MARICOPA	14,773,149,205	0	33,308,625	96,054,760	13,524,900	241,581,333	74,378,481	458,848,099	3.11
MOHAVE	555,323,992	0	4,090,862	523,483	0	5,657,732	7,843,332	18,115,409	3.26
NAVAJO	525,278,124	0	282,402	47,857	0	9,543,441	2,266,518	12,140,218	2.31
PIMA	3,044,972,362	0	39,450,173	11,458,460	0	42,543,520	24,416,607	117,868,760	3.87
PINAL	575,395,634	0	725,558	366,800	374,007	9,024,152	4,448,705	14,939,222	2.60
SANTA CRUZ	131,183,257	0	754,567	0	0	2,416,672	1,189,548	4,360,787	3.32
YAVAPAI	617,347,720	0	1,256,125	1,309,187	991,846	8,722,177	5,965,003	18,244,338	2.96
YUMA	383,123,731	0	2,433,201	357,198	893,061	6,059,735	2,303,320	12,046,515	3.14
TOTAL STATE	$ 22,533,348,150	$ 0	$ 88,116,331	$ 113,160,619	$ 17,057,340	$ 349,838,907	$ 132,513,430	$ 700,686,627	$ 3.11

AVERAGE STATE SECONDARY TAX RATE PER $100 $3.11

CHART 35
PERCENTAGE OF FULL CASH VALUE - PROPERTIES VALUED BY THE DEPARTMENT



Industries subject to valuation by the department and their respective portions of total 1991 full cash value of $20,973,087,000

TABLE 36
CENTRALLY ASSESSED PROPERTY VALUES

INDUSTRY	FULL CASH VALUE 1988	1989	1990	1991
Railroads	$ 222,395,000	$ 259,545,000	$ 282,883,000	$ 281,650,000
Telecomunications	2,145,349,000	2,248,058,000	2,345,063,000	2,380,531,000
Pipelines	537,896,000	560,017,000	554,801,000	550,896,000
Electric & Gas	10,405,009,000	11,401,496,000	11,611,908,000	11,511,792,000
Electric Cooperatives	272,418,000	284,518,000 (1)	316,441,000	330,943,000
Salt River Project	3,072,009,000	3,258,838,000	3,325,339,000	3,338,737,000
Water Utilities	135,555,000	146,626,000	156,725,000	153,239,000
Sewer Utilities	0	0	0	23011000
Airlines (Aircraft)	346,326,000	369,656,000	413,455.000	436,111,000
Private Rail Cars	26,204,000	28,062,000	30,011,000	30,000,000 (2)
Mines (Producing)	770,838,000	1,018,988,000	1,104,271,000	1,400,380,000
Mines (Non-Producing)	6,157,000	4,463,000	893,000	2,008,000
Producing Oil & Gas	1,959,000	1,401,000	2,005,000	2,091,000
TOTAL	$ 17,942,115,000	$ 19,581,668,000	$ 20,143,795,000	$ 20,441,389,000
PERCENT CHANGE		+9.1%	+2.9%	+1.5%

1. 1989 values for some electric cooperatives were reduced by the State Board of Tax Appeals subsequent to printing of the 1990 Annual Report.
2. Private Rail Cars are not valued until October of each year. Value listed for 1991 is estimated.

TABLE 37
1991 SOURCE OF PRIMARY TAX BASE

COUNTY	NET ASSESSED LIMITED VALUATION *	VALUED BY STATE AMOUNT *	VALUED BY STATE PERCENT	VALUED BY COUNTY AMOUNT *	VALUED BY COUNTY PERCENT
APACHE	$ 437,251,660	$ 369,349,694	84.47	$ 67,901,966	15.53
COCHISE	377,833,053	127,955,578	33.87	249,877,475	66.13
COCONINO	609,567,677	194,780,851	31.95	414,786,826	68.05
GILA	253,726,437	118,501,277	46.70	135,225,160	53.30
GRAHAM	60,547,951	9,683,956	15.99	50,863,995	84.01
GREENLEE	146,958,920	132,897,129	90.43	14,061,791	9.57
LA PAZ	99,775,144	44,109,822	44.21	55,665,322	55.79
MARICOPA	13,875,615,691	2,693,397,538	19.41	11,182,218,153	80.59
MOHAVE	579,804,963	88,037,004	15.18	491,767,959	84.82
NAVAJO	506,833,382	275,446,097	54.35	231,387,285	45.65
PIMA	2,969,739,256	435,533,190	14.67	2,534,206,066	85.33
PINAL	552,425,045	186,255,036	33.72	366,170,009	66.28
SANTA CRUZ	133,267,175	19,176,656	14.39	114,090,519	85.61
YAVAPAI	628,166,161	116,487,477	18.54	511,678,684	81.46
YUMA	385,365,571	77,773,272	20.18	307,592,299	79.82
TOTAL STATE	$ 21,616,878,086	$ 4,889,384,577	22.62	$ 16,727,493,509	77.38

*Does not include Salt River Project
Salt River Project Total $1,001,620,762

1990 SOURCE OF PRIMARY TAX BASE

COUNTY	NET ASSESSED LIMITED VALUATION *	VALUED BY STATE AMOUNT *	VALUED BY STATE PERCENT	VALUED BY COUNTY AMOUNT *	VALUED BY COUNTY PERCENT
APACHE	$ 416,573,304	$ 350,196,685	84.07	$ 66,376,619	15.93
COCHISE	368,418,912	122,308,815	33.20	246,110,097	66.80
COCONINO	574,904,616	191,558,615	33.32	383,346,001	66.68
GILA	248,420,986	76,286,530	30.71	172,134,456	69.29
GRAHAM	60,370,165	9,198,211	15.24	51,171,954	84.76
GREENLEE	111,934,052	97,323,932	86.95	14,610,120	13.05
LA PAZ	99,221,095	46,148,537	46.51	53,072,558	53.49
MARICOPA	14,132,936,570	2,761,792,768	19.54	11,371,143,802	80.46
MOHAVE	517,453,526	81,545,709	15.76	435,907,817	84.24
NAVAJO	514,490,109	286,005,103	55.59	228,485,006	44.41
PIMA	2,983,159,724	402,985,502	13.51	2,580,174,222	86.49
PINAL	546,876,794	186,044,657	34.02	360,832,137	65.98
SANTA CRUZ	125,299,533	17,839,033	14.24	107,460,500	85.76
YAVAPAI	587,727,081	106,355,303	18.10	481,371,778	81.90
YUMA	372,513,546	73,198,562	19.65	299,314,984	80.35
TOTAL STATE	$ 21,660,300,013	$ 4,808,787,962	22.20	$ 16,851,512,051	77.80

* Does not include Salt River Project
Salt River Project Total $997,601,731

TABLE 37A
1991 SOURCE OF SECONDARY TAX BASE

COUNTY	NET ASSESSED VALUATION *	VALUED BY STATE AMOUNT *	VALUED BY STATE PERCENT	VALUED BY COUNTY AMOUNT *	VALUED BY COUNTY PERCENT
APACHE	$ 439,211,144	$ 369,541,417	84.14	$ 69,669,727	15.86
COCHISE	385,755,209	128,323,996	33.27	257,431,213	66.73
COCONINO	642,315,210	195,272,051	30.40	447,043,159	69.60
GILA	256,740,495	118,551,945	46.18	138,188,550	53.82
GRAHAM	61,636,376	9,716,570	15.76	51,919,806	84.24
GREENLEE	147,154,678	132,966,970	90.36	14,187,708	9.64
LAPAZ	105,146,972	44,226,145	42.06	60,920,827	57.94
MARICOPA	14,235,175,875	2,697,011,135	18.95	11,538,164,740	81.05
MOHAVE	626,219,497	88,396,247	14.12	537,823,250	85.88
NAVAJO	513,920,156	275,893,307	53.68	238,026,849	46.32
PIMA	2,998,163,538	437,107,181	14.58	2,561,056,357	85.42
PINAL	573,707,673	186,705,363	32.54	387,002,310	67.46
SANTA CRUZ	148,463,062	19,376,919	13.05	129,086,143	86.95
YAVAPAI	657,274,758	116,817,713	17.77	540,457,045	82.23
YUMA	397,946,504	78,120,542	19.63	319,825,962	80.37
TOTAL STATE	$ 22,188,831,147	$ 4,898,027,501	22.07	$ 17,290,803,646	77.93

* Does not include Salt River Project
Salt River Project Total $1,001,620,762

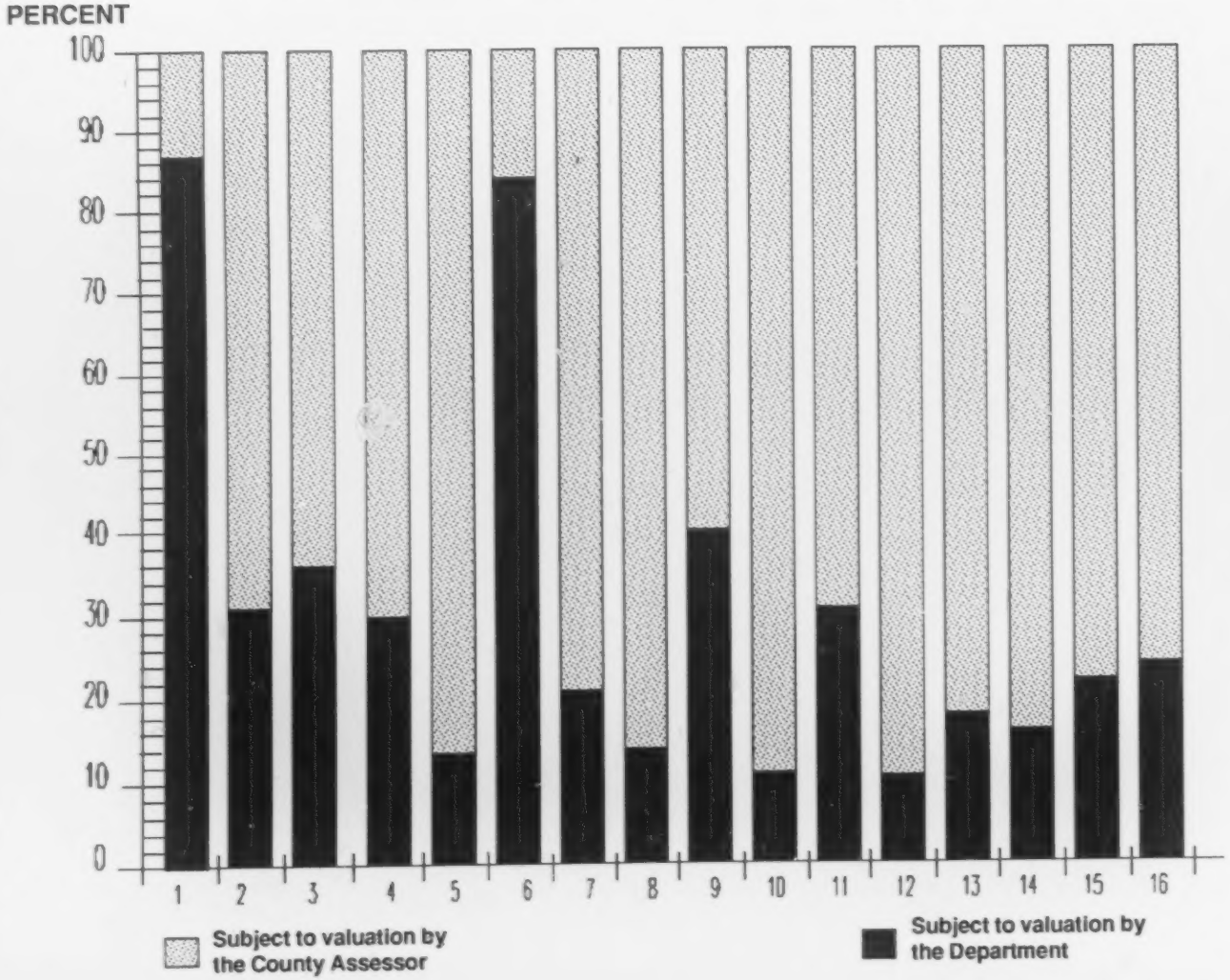
1990 SOURCE OF SECONDARY TAX BASE

COUNTY	NET ASSESSED VALUATION *	VALUED BY STATE AMOUNT *	VALUED BY STATE PERCENT	VALUED BY COUNTY AMOUNT *	VALUED BY COUNTY PERCENT
APACHE	$ 420,275,797	$ 350,418,209	83.38	$ 69,857,588	16.62
COCHISE	375,912,863	122,615,956	32.62	253,296,907	67.38
COCONINO	601,870,951	192,110,556	31.92	409,760,395	68.08
GILA	251,343,906	76,334,796	30.37	175,009,110	69.63
GRAHAM	60,670,643	9,229,150	15.21	51,441,493	84.79
GREENLEE	112,266,616	97,377,072	86.74	14,889,544	13.26
LAPAZ	105,233,349	46,284,954	43.98	58,948,395	56.02
MARICOPA	14,773,149,205	2,764,849,767	18.72	12,008,299,438	81.28
MOHAVE	555,323,992	81,956,546	14.76	473,367,446	85.24
NAVAJO	525,278,124	286,506,256	54.54	238,771,868	45.46
PIMA	3,044,972,362	404,529,598	13.29	2,640,442,764	86.71
PINAL	575,395,634	186,427,207	32.40	388,968,427	67.60
SANTACRUZ	131,183,257	18,050,038	13.76	113,133,219	86.24
YAVAPAI	617,347,720	106,756,178	17.29	510,591,542	82.71
YUMA	383,123,731	73,480,033	19.18	309,643,698	80.82
TOTAL STATE	$ 22,533,348,150	$ 4,816,926,316	21.38	$ 17,716,421,834	78.62

* Does not include Salt River Project
Salt River Project Total $997,601,731

GRAPH 38

PERCENTAGE OF ASSESSMENT RESPONSIBILITY



COUNTRY CODES

1. APACHE
2. COCHISE
3. COCONIO
4. GILA
5. GRAHAM
6. GREENLEE
7. MARICOPA
8. MOHAVE
9. NAVAJO
10. PIMA
11. PINAL
12. SANTA CRUZ
13. YAVAPAI
14. YUMA
15. LA PAZ
16. STATEWIDE

TABLE 39
AVERAGE PROPERTY TAX RATES
PER $100 OF ASSESSED VALUATION

	1988		1989	
	PRIMARY	SECONDARY	PRIMARY	SECONDARY
SCHOOL DISTRICTS	$4.32	$1.41	$4.40	$1.41
COUNTIES	2.03	0.37	2.03	0.38
STATE	0.47	---	0.47	---
CITIES	0.32	0.49	0.32	0.50
COMMUNITY COLLEGE	0.70	0.05	0.74	0.05
SPECIAL DISTRICTS	---	0.60	---	0.58
TOTAL	$7.84	$2.92	$7.96	$2.92

	1990		1991	
	PRIMARY	SECONDARY	PRIMARY	SECONDARY
SCHOOL DISTRICTS	$4.40	$1.55	$4.50	$1.77
COUNTIES	2.06	0.39	2.07	0.42
STATE	0.77 *	---	0.81 *	---
CITIES	0.33	0.50	0.33	0.50
COMMUNITY COLLEGE	0.77	0.08	0.82	0.08
SPECIAL DISTRICTS	---	0.59	---	0.65
TOTAL	$8.33	$3.11	$8.53	$3.42

School district rate includes unorganized school districts.

* State tax rate for 1990 and 1991 includes minimum school tax.

TABLE 40
STATEWIDE
SALES RATIO SUMMARY

PART A: MEDIAN SALES RATIO

	VACANT LAND	RESIDENTIAL	COMMERCIAL	TOTAL NON-AGRICULTURAL PROPERTY
1980	0.449	0.616	0.573	0.585
1981	0.433	0.717	0.520	0.670
1982	0.453	0.675	0.489	0.642
1983	0.688	0.728	0.555	0.720
1984	0.656	0.730	0.594	0.722
1985	0.690	0.745	0.678	0.738
1986	0.737	0.812	0.728	0.800
1987	0.696	0.795	0.658	0.788
1988	0.736	0.807	0.695	0.798
1989	0.747	0.827	0.716	0.815
1990	0.696	0.821	0.726	0.802
1991	0.653	0.825	0.752	0.800

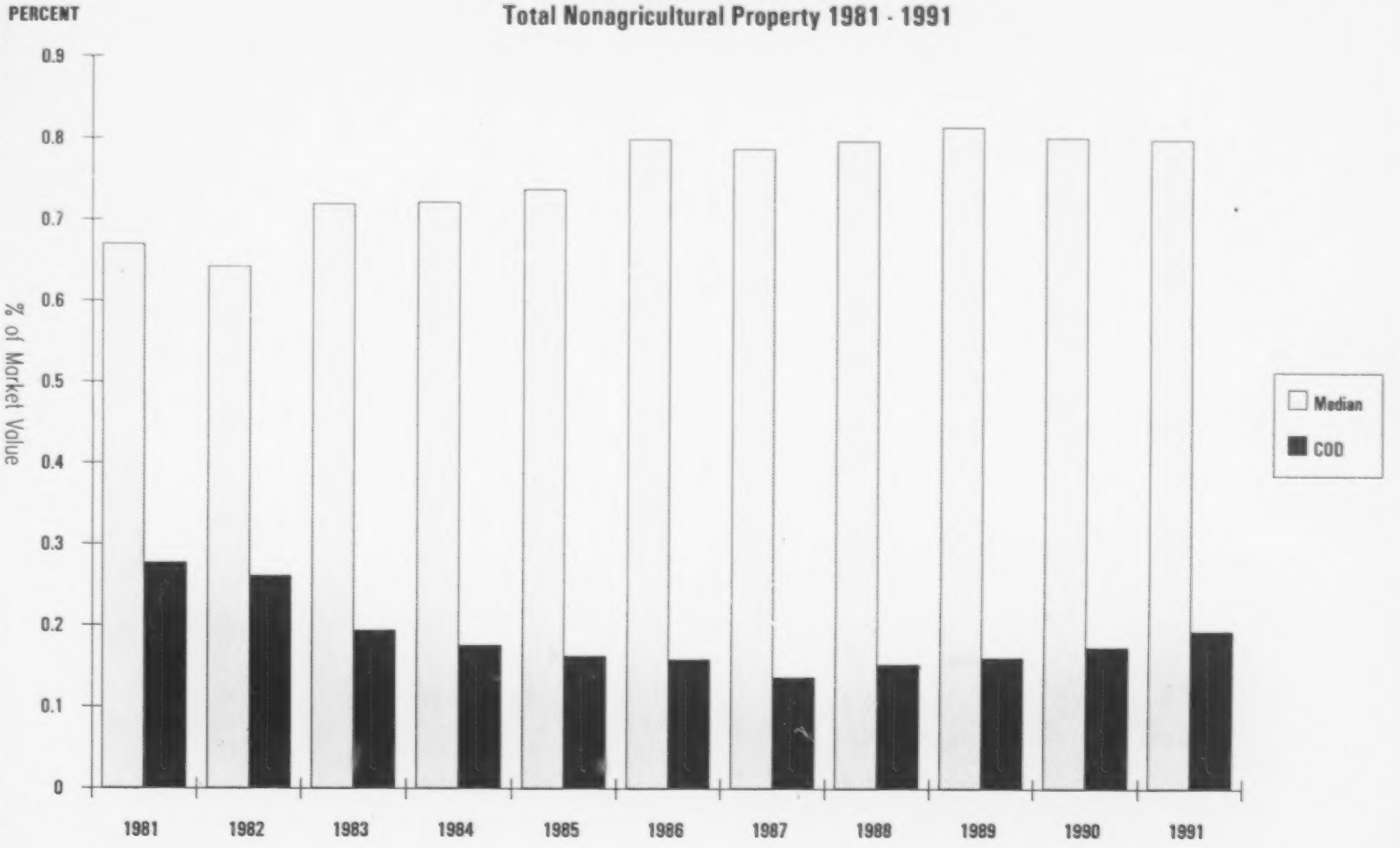
PART B: COEFFICIENTS OF DISPERSION

	VACANT LAND	RESIDENTIAL	COMMERCIAL	TOTAL NON-AGRICULTURAL PROPERTY
1980	0.463	0.179	0.332	0.266
1981	0.516	0.171	0.406	0.277
1982	0.503	0.149	0.437	0.261
1983	0.318	0.134	0.347	0.194
1984	0.324	0.121	0.345	0.176
1985	0.292	0.118	0.329	0.163
1986	0.269	0.116	0.309	0.159
1987	0.304	0.099	0.311	0.137
1988	0.292	0.107	0.287	0.153
1989	0.296	0.112	0.307	0.161
1990	0.308	0.117	0.307	0.174
1991	0.341	0.133	0.316	0.194

Figures for years prior to 1991 have been updated and may not match those in previous reports.

GRAPH 41

Median Sales Ratio and Coefficients of Dispersion
Total Nonagricultural Property 1981 - 1991



Other Revenues

Bingo

The tax on state licensed bingo operations is based on a multi-tiered licensing structure. There are three classes of bingo licenses, each of which has a different tax rate.

Each licensee's tax rate is based on bingo receipts. Class A licensees, whose gross receipts do not exceed $15,600 per year, are taxed at 2.5 percent of their adjusted gross receipts. (Adjusted gross receipts are the monies left after paying prizes.) Class B and Class C licensees are taxed on their gross receipts. Class B licensees, whose gross receipts do not exceed $300,000, are taxed at 1.5 percent of their gross receipts. Class C licensees, whose gross receipts exceed $300,000 per year, are taxed at 2 percent of their gross receipts from bingo.

All taxes collected are deposited in the state general fund. A total of $850,228 was deposited in the state general fund in the 1990-91 fiscal year. *(Refer to Table 42)*

TABLE 42
BINGO COLLECTIONS
1978-79 THROUGH 1990-91

FISCAL YEAR	AMOUNT
1978-79	$ 127,072
1979-80	142,458
1980-81	159,422
1981-82	276,216
1982-83	388,758
1983-84	415,224
1984-85	412,285
1985-86	600,158
1986-87	730,593
1987-88	798,818
1988-89	845,841
1989-90	796,778
1990-91	850,228

BINGO COLLECTIONS

	FY1989-90	FY90-91
Licenses	$ 28,869	$ 28,519
Proceeds	765,676	819,338
Penalty, Interest and Miscellaneous	2,232	2,371
Total	$ 796,777	$ 850,228

Estate Tax

The Arizona estate tax is a tax on the transfer of property or interest in property that takes effect upon the owner's death. The estate tax is imposed on the net taxable estate before distribution, differing from the inheritance tax which is imposed on the portion of the estate received by a beneficiary. Arizona does not impose inheritance or gift taxes. Estate taxes are deposited into the state general fund. *(Refer to Table 43)*

The Estate Tax Office of the Arizona Department of Revenue is responsible for the collection of estate taxes and the processing of Estate Tax Returns and Reports of Personal Representative of Decedent.

An estate is not taxable and no estate tax return is required to be filed if a federal estate tax return is not required. However, a Report of Personal Representative of Decedent must be filed in order to obtain waivers to be used in connection with probate proceedings, to terminate joint tenancy on real property and/or transfer stock held by resident decedents in companies incorporated in Arizona.

The Arizona estate tax for an Arizona resident decedent is an amount equal to the federal credit for state death taxes. If the decedent owned realty or tangible personal property located in another state, the Arizona tax is reduced by either the amount of death tax paid to the other state or a prorated share of the federal credit, whichever is less.

The Arizona estate tax for a nonresident decedent is a prorated share of the federal credit, based on the value of real property and tangible personal property having actual situs in Arizona.

TABLE 43
COLLECTIONS OF ESTATE TAXES

Fiscal Year	Collections	Refunds	Net
1983-84	$ 12,978,900	$ 442,689	$ 12,536,211
1984-85	15,302,387	555,594	14,746,793
1985-86	13,528,098	359,381	13,168,717
1986-87	26,389,374	720,537	25,668,837
1987-88	32,276,168	1,297,578	30,978,590
1988-89	25,453,753	1,374,046	24,079,707
1989-90	24,988,640	1,072,112	23,916,529
1990-91	31,483,347	2,482,098	29,001,249

Luxury Tax

Arizona's luxury tax applies to cigarette and tobacco distributors, and liquor wholesalers.

The department is responsible for issuing tobacco licenses and stamps, and collecting taxes on tobacco products and alcoholic beverages. The department, with the assistance of the Department of Public Safety, also investigates and confiscates contraband alcoholic beverages and tobacco products.

During the 1990-91 fiscal year, more than $21.2 million from luxury tax collections was deposited into the Corrections Fund, established by the Legislature in 1984 to pay for prison construction. The remaining $70.4 million was deposited into the state general fund. *(Refer to Table 44)*

The luxury tax rates on cigarettes, tobacco products and liquor for fiscal year 1990-91 were as follows:

Tobacco Products Rate

Cigarettes

package of 20 or fractional part	$ .18
package of 25	.225

Cigars

small cigars weighing not more than 3 lbs/1,000 package of 20 or less	.04
selling for $.05 or less (each 3 cigars)	.002
selling for more than $.05 (each cigar)	.002
Smoking tobacco, snuff, fine cut, chewing, etc. (per ounce)	.002
Cavendish, plug or twist (per ounce)	.005

Alcoholic Beverages

Spirituous Liquors

per gallon	3.00
Vinous Liquors - more than 24% alcohol	4.00
Vinous Liquors - less than 24% alcohol	.84

Malt Liquor (Beer)

per gallon	.16
per barrel (31 gallons)	4.96

TABLE 44
LUXURY TAX COLLECTIONS

SOURCE	1986-87	1987-88	1988-89	1989-90	1990-91	PERCENT OF COLLECTIONS IN 1990-91
Spirituous Liquor						
Net Revenue	$ 17,059,104	$ 17,287,330	$ 17,532,966	$ 16,998,323	$ 16,748,425	18.283%
Vinous Liquor						
Net Revenue	7,832,584	7,961,950	6,817,303	7,070,321	6,569,707	7.172%
Malt Liquor						
Net Revenue	15,927,165	15,705,711	16,193,267	16,236,679	16,490,951	18.002%
Tobacco - All Types						
Gross Revenue	51,781,811	53,028,844	51,418,132	47,895,527	52,653,433 (3)	57.479%
Refunds/Discounts	(563,562)	(623,073)	(890,514)	(954,982)	(859,083)	-0.938%
Licenses	1,600	1,600	1,425	1,675	1,700	0.002%
Net Revenue	$ 51,219,849	$ 52,407,371	$ 50,529,043	$ 46,942,220	$ 51,796,050	56.543%
TOTAL	$ 92,038,702	$ 93,362,362	$ 91,072,579 (1)	$ 87,247,543 (2)	$ 91,605,134 (4)	100.000%

(1) Of the monies collected from Luxury Tax during fiscal year 1988-89, $22,019,734 was deposited in the Corrections Fund. The remaining $69,052,845 was deposited in the State General Fund.

(2) Of the monies collected from Luxury Tax during fiscal year 1989-90, $21,585,834 was deposited in the Corrections Fund. The remaining $65,661,709 was deposited in the State General Fund.

(3) Beginning October 1, 1990 the Luxury Tax on cigarettes changed from $0.02 to $0.035 per cigarette. A floor tax of $0.015 per cigarette on existing stock on October 1, 1990 was levied. Collections from this tax are included in this collection figure.

(4) Of the monies collected from Luxury Tax during fiscal year 1990-91, $21,201,598 was deposited in the Corrections Fund. The remaining $70,403,536 was deposited in the State General Fund.

Cannabis and Controlled Substances

The Arizona Department of Revenue has been authorized by the Legislature since 1983 to regulate licensing for cannabis and controlled substances sales.

The law established luxury tax rates of $10 per ounce on cannabis and $125 per ounce on controlled substances. Those rates were in effect prior to the 1990-91 fiscal year, but were increased under legislation that took effect on September 27, 1990. That legislation allows for the tax to be imposed on a whole cannabis plant at a rate of $500 for the first three plants and an additional $500 for each plant thereafter. The law also increased the tax on each ounce of controlled substances to $250.

Anyone possessing or dealing in cannabis or controlled substances must be licensed by the department. Anyone in possession of a controlled substance or cannabis without the appropriate luxury tax stamps affixed also is liable for the tax. (*Neither the license nor the proper stamp makes possession of either legal under criminal statutes.*)

The fee for a license is $100. The license provides only the right to purchase the required stamps. Each type of stamp can be purchased in three different denominations: gram, ounce and kilogram for cannabis; and gram, ounce and pound for controlled substances.

The law specifically states that the license does not authorize nor provide immunity from prosecution for any criminal violations. However, any information relating to licensing must remain confidential. The law also prohibits the disclosure of any specific information relating to licensing and payments by a taxpayer.

In the event that a seizure of cannabis or controlled substances occurs, law enforcement officers involved are required to notify the department so that an appropriate tax assessment can be levied. The department is empowered to collect the tax assessment as it would any other unpaid tax. Until passage of the 1990 law, any revenue resulting from the tax was to be distributed in equal shares to the police agencies seizing the drug and the office of the county attorney prosecuting the case. The 1990 legislation provided that 5 percent be deposited into the state general fund, while the remainder is distributed to the agencies.

The total collected from assessments during 1990-91 was $6,345.

	FYs 1983-90	FY 1990-91	Total
Cases Opened	101	19	120
Liens Filed	58	8	64
Lien Amounts	$3,634,554	$9,478,541	$13,113,096
Amount Collected	$210,174	$6,345	$216,519

Unclaimed Property

Responsibilities of the Unclaimed Property Program include the collection, safekeeping and disposition of unclaimed property, escheated estates, and unclaimed shares and dividends of Arizona corporations.

Unclaimed property staff establishes and maintains records of funds and other personal property received from banking or financial organizations, insurance corporations, utilities, business associations, fiduciaries, state courts and agencies that are presumed to be abandoned. The largest percentage of unclaimed property is comprised of:

Bank or credit union accounts with no activity for five years.

Utility deposits not claimed in two years.

Contents of safe deposit boxes on which rent has not been paid for one year.

Travelers checks not cashed in 15 years.

Under a law that took effect July 1, 1990, up to $1 million in unclaimed utility deposits is used for a utility assistance fund to help the low-income and elderly make utility deposits or repairs. Another law, effective September 27, 1990, required that up to $1 million in unclaimed state warrants be used for a homeless trust fund. Thirty-five percent of the remaining net cash collected, after refunds, is transferred to the Department of Commerce to be used for a low-cost housing fund. The balance is to be deposited to the state general fund.

Personal property is sold at a public auction and the cash is deposited into the general fund. Unclaimed property may be recovered by owners at any time with proper documentation. There is no statute of limitations on claims.

The unclaimed property staff members also establish and maintain records of escheated estates, and unclaimed shares and dividends. When a person dies without leaving a will and has no known heirs, or if a person dies and a known heir cannot be located, his or her property reverts to the state as the original and ultimate proprietor after seven years. *(Refer to Table 45)*

Funds received from escheated estates and from unclaimed shares and dividends are deposited into the permanent school fund. *(Refer to Table 45)*

The 1990-91 fiscal year was a record breaking year for the unit, with more than $14.6 million collected and more than $3 million returned to an estimated 5,000 rightful owners.

TABLE 45
COLLECTIONS AND DISTRIBUTION OF UNCLAIMED PROPERTY

SOURCE	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	PERCENT OF COLLECTION IN 1990-91
UNCLAIMED PROPERTY	$ 2,531,318	$ 4,824,885	$ 4,281,091	$ 5,742,921	$ 15,321,931	$ 14,565,031	
Refunds	320,995	321,526	476,051	1,178,004	2,876,067	3,064,249	
Expenses (1)	----	----	----	197,698	479,062	504,370	
Housing Fund (2)	----	----	----	1,535,402	4,409,810	5,208,550	
NET	$ 2,210,323	$ 4,503,359	$ 3,805,040	$ 2,831,817	$ 7,556,992	$ 5,787,862	94.46%
ESCHEATED ESTATES	106,091	202,692	141,532	159,443	674,636 (3)	443,279	
Refunds	59,828	152,751	150,744	9,458	58,795	103,986	
NET	$ 46,263	$ 49,941	$ (9,212)	$ 149,985	$ 615,841	$ 339,293	5.54%
UNCLAIMED DIVIDENDS	17,168	64	45	192	236	156	
Refunds	8	1,551	0	0	0	0	
NET	17,160	(1,487)	45	192	236	156	0.00%
TOTAL NET REVENUE	$ 2,273,746	$ 4,551,813	$ 3,795,873	$ 2,981,994	$ 8,173,069	$ 6,127,311	100.00%

DISTRIBUTION
1990-91

NET TO PERMANENT SCHOOL FUND (4)	$339,449
NET TO GENERAL FUND	$5,787,862
TOTAL DISTRIBUTION	$6,127,311

1 A change in accounting methods resulted in an itemization of expenses beginning in FY 88/89.
2 Legislative actions resulted in earmarking a portion of unclaimed property revenues for the Housing Trust Fund, beginning in FY 88/89.
3 A balance forward of $302,092 from FY 88/89 is included in this collection figure.
4 This amount is to be deposited to the Permanent State School Fund by the end of FY 91/92 per A.R.S. 12-885.

Arizona Department of Revenue

Organization

DEPARTMENT OF REVENUE

ORGANIZATION

The mission of the Arizona Department of Revenue is to promote voluntary compliance with state tax laws through fair administration, firm enforcement, and prompt and courteous service.

The tax laws that fall under the department's purview are primarily in the areas of income, transaction privilege (sales), use, luxury, withholding, property, estate, fiduciary, bingo and severance.

To administer those laws during the 1990-91 fiscal year, the department had an annual general fund appropriation of $44.3 million. There were 1,140 full-time positions, the equivalent of 170 temporary staff members during the income tax season, and 43 limited appointment property tax appraisers and support personnel for a three-year recanvassing project.

At the department, the director is responsible for the direction, operation and control of the department to ensure that the administration and collection of taxes are performed effectively and efficiently.

Reporting to the director are the general counsel, who provides advice on legal and policy questions, and makes recommendations on appeals of Hearing Office decisions; the legislative liaison, who coordinates the flow of information on legislative issues and serves as the disclosure officer; and the public information officer, who coordinates and reviews accurate and timely releases of information to the public and media, and must be informed of and coordinate all media contacts and inquiries.

Also reporting to the director is the deputy director, who assists the director in the day to day operations of the department. He also serves as acting director when the director is absent. The deputy manages the special support group, which is responsible for certain agency-wide functions such as budgeting, the ombudsman, personnel, tax policy and affirmative action.

The department was organized throughout most of the 1990-91 fiscal year into five divisions, although a sixth division — Fiscal Services and Analysis — was created during a re-organization in the last weeks of the fiscal year. The other five divisions, each of which is run by an assistant director, are Administrative Services, Data Management, Property Valuation and Equalization, Tax Enforcement, and Taxpayer Support and Education Services. The divisions perform specific functions, which are integrated together to achieve the department's major objectives of efficient tax collection and processing, timely enforcement of tax laws and accurate valuation of property.

HIGHLIGHTS

- Collected a record $245 million in tax enforcement revenues — a 16 percent increase over the $212 million collected in the 1989-90 fiscal year and nearly 10 percent more than projected for the 1990-91 fiscal year. A large portion of this increase is due to the fruition of automation in certain areas of the department from programs approved by the Legislature in 1989-90 and 1990-91.

- Increased license compliance coverage, resulting in 5,119 licenses being issued to previously unlicensed businesses — up from 4,106 in 1989-90.

- Launched Operation Tax Cheat, a statewide program to focus on areas of the state where there are a large number of non-filers. The program began in Bullhead City, where there have been 28 indictments so far.

- Decreased the average turnaround time on income tax refunds to 13.3 days. It had been 16 days for the previous two fiscal years. Of the more than 2.1 million income tax documents filed during the season, 831,700 generated refunds.

- Refunded more than $3 million in unclaimed property to the rightful owners, establishing a new record for the third year. About $2.6 million was refunded in 1989-90 and about $1.8 million was returned to rightful owners in 1988-89.

- Completed the implementation of the new construction cost system in Cochise, Gila, Graham, Greenlee, LaPaz, Pinal, Santa Cruz, Yavapai and Yuma counties, with the new values going on the 1991 tax roll. This involved a field inspection and appraisal of almost 20,000 commercial, industrial and multi-family residential improvements in those counties. It also resulted in a $29.6 million increase in assessed property value from escaped or erroneously valued property. Recanvassing work continues in the final two counties, although Pima County is virtually completed and Maricopa County is more than 60 percent done.

- Certified about 150 employees of the county assessors' offices and the Property Valuation and Equalization Division as part of the department's statutory certification program for Arizona property appraisers.

- Implemented a new bonding program impacting thousands of prime contractors and every city's building permit authority. A total of 1,049 bonds were processed, representing more than $4 million in protected state revenues.

- Implemented an automated taxpayer messaging system that operates 24 hours a day, seven days a week, providing taped information for both business and income taxes, as well as a *For Your Information* message and general DOR information.

- Installed a new mainframe computer, doubling the speed and capacity of the previous CPU.

- Established the first department-wide disaster recovery plan for paper documents.

- Completed the program to clear accounts receivable credits. A total of 136,963 credits were worked, with

80,785 refunds totaling $1.1 million being issued.

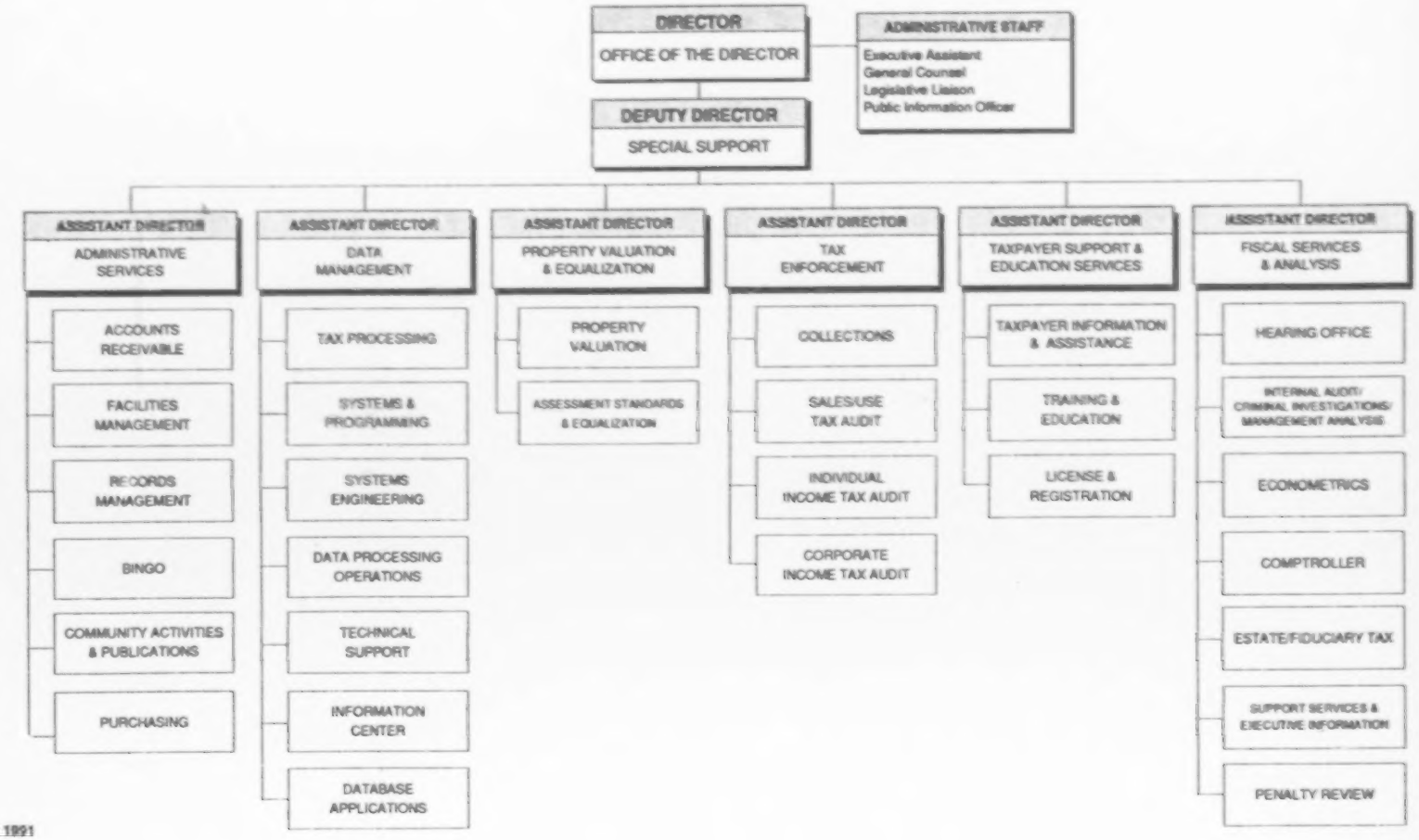
- Established the "Understanding Taxes," program, through which 600 high school teachers were provided with instructional material, teaching aids and course outlines to explain the state individual income tax system to students.

- The number of CPAs, enrolled agents, other tax practitioners and business owners reached through educational seminars and presentations was increased by 43 percent. A total of 131 presentations were given during the 1990-91 fiscal year to 6,803 tax preparers and business owners across the state.

- Completed the revision and update of most of the department's brochures to assist taxpayers in better understanding the law and the state tax system. Among the updated brochures are Starting a New Business, Retail Sales, Contracting, Restaurants/Bars, Use Tax, Commercial Leases, Personal Property Rentals, and Reporting Arizona Transaction Privilege (Sales), Use and Withholding Tax.

- Successfully administered the 1990 fall property tax billings for the 11 client counties and the 1990 income tax season in a timely manner, despite the referendum issue that was not decided until late in the calendar year. The delay forced the design of two distinct sets of income tax forms and a delay in the property tax billing process.

STATE OF ARIZONA
DEPARTMENT OF REVENUE



OCTOBER 1991

Administrative Services

ADMINISTRATIVE SERVICES DIVISION

ORGANIZATION

The mission of the Administrative Services Division is to provide efficient, quality, courteous service to our customers both within and outside the department. This division consisted of the following five sections:

Records Management Section

Records Management maintains and provides access to the statutorily mandated archive files of tax returns filed with the department and departmental records. The section also microfilms income tax, corporate tax, audit and accounts receivable documents.

This unit also is responsible for facilities and telecommunications support services within the Department and operates the warehouse, which stores bulk forms and related materials.

Comptroller Section

The Comptroller is responsible for the financial accounting and reporting of processed tax receipts, administration of special taxes (luxury, private car and airlines tax) and the unclaimed property program. Additionally, the section provides services in the areas of personnel and payroll, expenditure tracking, purchasing, and payables and receivables management.

Management Analysis Section

Management Analysis performs in-depth internal management analysis of department programs and provides staff support in the implementation of recommendations that improve efficiency and effectiveness.

Bingo Section

Bingo licenses bingo operations (off the Indian reservations) and ensures all licensed operations comply with the rules established for these games. It also provides an outreach program to explain the rules and record keeping requirements to all new licensees.

Community Activities And Publications Section

Community Activities and Publications provides forms design and control services; the Department's outreach education program for tax practitioners; and information services through such publications as Revenews (the internal ADOR newsletter), the Tax News (a newsletter for tax practitioners) and the Annual Report.

HIGHLIGHTS

- Completed the redesign of six floors of the main building, East Valley and Tucson offices in anticipation of PIER II hiring. (PIER stands for Program for Increased Enforcement Revenues.) Work included completion of interim work stations (using existing and rental equipment) as well as final work stations (using new and reconfigured modular furniture) to accommodate 148 new positions. Interim plans had to be implemented so that work stations were ready on July 1, 1991, even though the budget was not approved until late June 1991.

- Continued to accelerate microfilm processing of individual and corpo-

rate income tax returns. Ended fiscal year 13 percent ahead of the prior year with a re-film rate under one percent.

- For a third year in a row, set a new record for unclaimed property tax refunds using existing staff. Issued refunds in excess of $3 million, a 16 percent increase over the prior record.

- Completed the program to clear accounts receivable credits. Worked a total of 136,963 credits, issuing 80,785 refunds (totalling $1,138,640).

- Processed 62 percent more maintenance documents in Accounts Receivable while maintaining a 24-hour posting turnaround on good documents. This workload increase was in support of the PIER I program and the credit project.

- Reduced Bingo Unit FTE count by 25 percent while maintaining all levels of service.

- Reinstituted the free quarterly *Bingo Newsletter* to all licensees.

- Completed the design of two distinct sets of individual, corporate and sales tax forms as a result of the filing of a referendum challenging the 1990 tax laws. The referendum issue was not decided until late in the calendar year, so forms had to be completed for each option. In spite of this double work and the potential for overlapping design, the final forms were printed in time for the tax season with no substantive errors.

- Began the "Understanding Taxes" program. This program, which went to more than 600 high school teachers across the state, provides them with instructional material, teaching aids and course outlines explaining the state individual income tax forms. It is used by math and civics teachers to introduce both the forms and practical applications of math problems.

Data Management

DATA MANAGEMENT DIVISION

ORGANIZATION

The mission of the Data Management Division is to process tax filing documents and attached remittances from their receipt into the department through automated processing. This division provides automated processes for all other divisions and is responsible for all mainframe, small computer and personal computer services. Additional activities include the administration of the agency Debt Set-off Program. This division consisted of the following six sections:

Tax Processing Administration Section

Tax Processing provides information services pertaining to the tax systems. Additionally, it handles incoming and outgoing mail for the department and prepares documents for entry into the various automated systems. Document errors discovered during computer processing are resolved. This section also is responsible for the administration of the Debt Set-off Program. During the 1990-91 fiscal year, this section was also responsible for the collection of estate taxes and for the issuance of waivers of tax on decedent's estates.

Operations Section

Operations enters data into the computer, operates various computer equipment, and prepares and monitors all mainframe computer program executions. Other functions include the serializing and preparing of remittances for bank deposits.

Systems and Programming Section

Systems and Programming designs and supports all application systems and programs as requested by all divisions in the department. Other functions include assisting in the coordination of efforts regarding design of computer input forms and the resolution of errors involving computer application systems.

Technical Support Section

Technical Support installs and maintains the computer system software. In addition, this section coordinates the acquisition and networking of all hardware linked to the mainframe computer. This area also provides support of mainframe terminal networks and the tuning of hardware facilities to ensure efficiency.

Systems Engineering Section

Systems Engineering acquires, installs and maintains database software products. In addition, this section provides quality assurance programming services.

Information Center Section

The Information Center provides all personal computer support services, and operates and maintains the department's PC networks.

Database Applications Section

The Database Applications Section is responsible for the orderly transition of the department's existing COBOL (VSAM) computer environment to that of a database environment. This section will develop and implement the database environment.

HIGHLIGHTS

- A new HDS EX/70 mainframe was installed in December. Due to DOR's history of purchasing used computer equipment, the vendor of-

fered DOR a new computer at a $2.5 million savings. This CPU will meet the department's needs for at least 2 years.

- New hardware and software were installed in the Remittance Processing Unit. The new Unisys PC based system allows for direct transmission of data to the mainframe computer. Remittance Processing went through the conversion successfully and processed more documents within the required time frame than it did in the previous year.

- A new Corporate Tax Debt Setoff sub-system was installed. This automated program increases the collection of revenues due the state from corporations by using the funds available from income tax refunds to offset other debts (i.e.: sales taxes, withholding tax, unemployment taxes, etc.). In prior years, this function was done manually.

- The department accomplished a 13-day average turnaround on income tax refunds.

- The department completed another income tax season, during which more than 2.1 million income tax documents and 831,700 income tax refunds were processed within statutory deadlines.

- The division continued with the development of the integrated database tax environment. Significant accomplishments included:

- Implementing the DOR Forms System into the Database environment as the second pilot project.

- Programming (construction) of the property tax application is in progress.

Property Valuation & Equalization

PROPERTY VALUATION AND EQUALIZATION DIVISION

ORGANIZATION

The mission of the Property Valuation and Equalization Division is to ensure that all property in the state is accounted for, properly classified and valued equitably for ad valorem tax purposes as provided by Arizona state law. The division consisted of two sections:

Property Valuation Section

Property Valuation is divided into two units: the Centrally Valued Properties Unit and the Locally Assessed Properties Unit.

Centrally Valued Properties annually determines the full cash value of all utilities, railroads, airlines, pipelines, water companies, mines, and other complex or geographically-dispersed properties. Values determined by this unit for such properties are transmitted to the appropriate county board of supervisors for entry upon the county tax rolls.

Locally Assessed Properties develops, oversees and ensures the application of uniform appraisal methods and techniques by the county assessors to determine the valuation of real and personal property. The unit also assists the county assessors in assessing residential, commercial, industrial and agricultural properties, and currently is engaged in a statewide recanvass of all commercial, industrial and multi-family residential properties. Audits of each county assessor's office are conducted on a regular basis.

Assessment Standards and Equalization Section

Assessment Standards and Equalization consists of two units. They are the Manuals and Certification Unit, and the Research and Equalization Unit.

Manuals and Certification compiles and updates appraisal manuals and guidelines. The unit also develops appraiser certification standards, and provides an appraiser/assessor certification program and field training to department and county assessors' appraisal staffs. Additionally, unit staff members assist county assessors in maintaining and updating a standardized mapping system.

Research and Equalization is responsible for annually measuring assessors' performance for compliance with established full cash/market value standards. The unit conducts studies comparing assessors' full cash values with actual sales prices of recently-sold properties several times a year. The unit also annually develops mass appraisal models for many properties in the state.

HIGHLIGHTS

- Visited 17 mining properties to ensure reporting compliance.
- Conducted audits of three major electric utility properties.
- Completed audit of a major airline.

- Completed the implementation of the new construction cost system in Cochise, Gila, Graham, Greenlee, La Paz, Pinal, Santa Cruz, Yavapai, and Yuma counties, with the new values going on the 1991 tax roll. This involved a field inspection and appraisal of almost 20,000 commercial, industrial and multi-family residential improvements in those counties. Previously, 12,500 improvements in Apache, Coconino, Mohave, Navajo, and Yavapai counties were recanvassed.

- Completed field portions of audits for the Santa Cruz and Cochise County Assessors' offices. These are the first two counties to be audited in the statewide county audit program, which involves a comprehensive examination of all phases of the assessment function.

- Certified approximately 150 employees of the county assessors' offices and the Property Valuation and Equalization Division as part of the department's statutory certification program for Arizona property appraisers.

- Revised the cost-market sales-based valuation models to use data from the new construction cost system for electronically converted or recanvassed residential properties.

- Added the capability to track trends in the condominium/townhouse market.

- Identified new market areas in two counties. Continued refinement of market areas and sub-areas for the remaining counties throughout the state to recognize local market conditions.

Tax Enforcement

TAX ENFORCEMENT DIVISION

ORGANIZATION

The mission of the Tax Enforcement Division is to ensure compliance with Arizona tax laws and Department of Revenue regulations and policies through the auditing of income, withholding, transaction privilege (sales) and use tax returns. This division also ensures the efficient and impartial enforcement of all Arizona tax laws and Department of Revenue administrative rules and procedures in the collection of delinquent taxes. The division consisted of four sections:

Individual Income Tax Section

Individual Income Tax conducts office audits of individual taxpayers who are identified by the audit selection program as having made errors in the preparation of their returns. The section also conducts an extensive program directed at finding taxpayers who have failed to meet their filing obligation. Audits are also performed on taxpayers who have been audited by IRS and fail to report the changes to the state. The section also includes the withholding tax audit unit which is responsible for examining and correcting withholding tax returns .

Corporate Income Tax Section

Corporate Income Tax conducts income tax audits of corporations doing business in Arizona. Since many of the largest taxpayers are headquartered outside Arizona, much of the audit work is performed in other states. Funding for the PIER program allowed for the creation of an office audit unit, which examines corporate income tax returns and makes desk adjustments without field visits to the taxpayers' premises. This program, during its first year of operation, resulted in audits that produced collections totaling more than $5 million. The section also is responsible for unclaimed property and luxury tax auditing.

Transaction Privilege (Sales) and Use Tax Section

Transaction Privilege (Sales) and Use Tax conducts audits to ensure that businesses subject to these taxes file returns in compliance with the statutory standards. The section also reviews refund claims. In addition, the section administers the Transaction Tax Program for 71 cities and towns and performs audits on behalf of these municipalities.

Collections Administration Section

Collections Administration secures the payment of delinquent taxes through efficient and impartial enforcement to minimize lost revenues and promote voluntary compliance with Arizona's tax laws. Enforcement powers used by the section in this pursuit include liens, levies, and seizures and sales of property.

HIGHLIGHTS

- Increased tax enforcement revenues by 15.6 percent — from $212 million in 1989-90 to $245 million in 1990-91. Individual income tax audit collections rose 20.7 percent, from $20.8 million in 1989-90 to $25.1 million in 1990-91. Collections' enforcement revenues increased 26.5 percent, from $97.4 million in 1989-90 to $123.2 million in 1990-91.

- Continued development of the withholding tax compliance program that

resulted in the collection of more than $1.4 million.

- Implemented a program to identify partners (primarily non-residents) of Arizona partnerships who have failed to file Arizona individual income tax returns. This program produced $509,600 in assessments and collected more than $219,400.

- Implemented a Nexus Audit Program in Corporate Income Tax that is designed to identify and bring into filing compliance out of state companies that engage in business in Arizona but do not file tax returns with Arizona. The program generated more than $1.7 million in collections during the year. Its successes included a major foreign manufacturer that paid $500,000, and a consumer goods firm that paid $400,000 in taxes for prior years. Both companies are now regular and substantial tax filers.

- Increased audit coverage by 40.2 percent in individual income tax — from 54,700 individuals audited in 1989-90 to 76,700 in 1990-91 — and by more than 45 percent in transaction privilege (sales) and use tax — from 1,772 taxpayers in 1989-90 to 2,584 in 1990-91. Individual audit's corresponding amount of net assessments totaled almost $50 million. Sales and use tax audit's assessments rose 17.4 percent from $69 million to $81 million and its direct revenues rose 29.6 percent from $24.3 million to $31.5 million.

- The continued development of desk audit programs significantly improved audit coverage and effectiveness in sales and use tax audit. A real estate desk audit program commenced this year, generated more than $1.4 million in additional taxes collected. Business entities were identified, using internal and third party databases, and notified of their potential noncompliance. A self-assessment program then was activated to prompt the filing of returns by the delinquent business. These taxpayer-filed, corrected returns can be reviewed to determine the need, and priority, for field audits.

- Enhanced Collections' "skip tracing" program, which locates taxpayers who have moved and not furnished a forwarding address to the department. Locating these taxpayers enables the department to timely collect any past due taxes. During fiscal year 1990-91, the department identified new and corrected addresses for 55,300 such taxpayers, an increase of 99.9 percent from the 27,658 taxpayers located in fiscal year 1989-90.

- Collections' lien activity, reflected by 16,681 liens filed and 10,900 liens released in fiscal year 1990-91, increased 6.8 percent from the 19,035 filed and 6,800 released in fiscal year 1989-90.

TS &ES

Taxpayer Support and Education Services

TAXPAYER SUPPORT AND EDUCATION SERVICES DIVISION

ORGANIZATION

The mission of the Taxpayer Support and Education Services Division is to provide prompt and quality service to the taxpayer, to maximize the level of compliance through research and resolution of taxpayer accounts, and to support agency goals and objectives through employee education and taxpayer assistance. The division consisted of three sections:

Taxpayer Information and Assistance Section

Taxpayer Information and Assistance provides general information concerning business and individual income taxes administered by the department. This is accomplished through telephone contact, tax tapes, correspondence and walk-in assistance. The section also resolves taxpayer account problems and ensures that all billing inquiries and disputes are resolved in an accurate, courteous and timely manner.

License and Registration Section

License and Registration processes license applications for the environmentally hazardous products program, sales tax, use tax and withholding tax, and sells luxury stamps for tobacco, cannabis and controlled substances; performs compliance activities to identify and license previously unlicensed businesses; manages the department bonding program affecting specific new contracting businesses and delinquent taxpayers; oversees licensee database, continually collecting and updating taxpayer records; and provides assistance to the public through dissemination of general license information, distribution of tax forms and cashiering services.

Training and Education Section

Training and Education provides training support for department production and service, planned department changes and individual employee growth. The emphasis of the section is to provide support that is timely, relevant, accountable, consistent and cost-effective, and to provide all service in a professional, qualitative and service-oriented manner.

HIGHLIGHTS

- Responded to approximately 404,900 telephone and written inquiries concerning general and billing questions, reflecting a 5.5 percent increase from the previous year.

- Responded to taxpayers through written correspondence, averaging a 21-day turnaround, exceeding departmental objectives of a 42-day turnaround.

- By designating specific phone lines to business inquiries, Taxpayer Information and Assistance was able to answer a 15 percent increase in the number of business-related inquiries.

- Implemented an automated taxpayer messaging system, providing taped information for both business and income taxes as well as a *For Your Information* message and general DOR information. The new system provides 24-hour, 7-day a week ser-

vice, replacing the old operator system that was limited to service during office hours only.

- Exceeded targets by identifying 5,119 previously unlicensed businesses resulting from 100,634 researches. The annual goal was 60,000 researches.

- Implemented a new bonding program affecting thousands of prime contractors and every city building permit authority. A total of 1,049 bonds were processed, representing more than $4 million in protected state revenues.

- License and Registration maintained customer satisfaction levels reflected in customer surveys at 1.14 on a scale of 1 to 5, with 1 representing highest satisfaction, while serving 15 percent more customers.

- Exceeded production standards for virtually all License and Registration areas of forms distribution, licensing and accounts management services.

- Initiated a computer-based training (CBT) system on the department's mainframe computer for basic CACS courses and Business Master File. This method replaces technical manuals with hands-on training and enables department employees to train at their own pace at their work station.

- Initiated an automated tracking system at the divisional level for mandated training, providing management reporting to assist divisions in tracking departmental goals.

- Designed a comprehensive master training plan for Sales Tax Audit, incorporating information received from canvassing other state revenue training programs.

Special Support

SPECIAL SUPPORT GROUP

ORGANIZATION

The mission of the Special Support Group is to effectively and efficiently provide services, such as budgeting and personnel services, to all areas of the department. The group's administrators report directly to the deputy director.

Affirmative Action Officer

The Affirmative Action Officer is responsible for instructing department employees on equal employment opportunities and affirmative action laws, rules and policies. The officer also is responsible for investigating allegations of discrimination and sexual harassment.

Econometrics Section

Econometrics provides technical services to the department, Legislature and executive office. Among the section's duties are providing forecasts of general fund revenues to the Governor's Office of Planning and Budget to assist in the budget process, staffing the Economic Estimates Commission and the Property Tax Oversight Commission, and reporting a variety of information on tax collections, while also monitoring and ensuring proper distribution of those collections. The section also evaluates all proposals affecting taxes for which the department is responsible, and performs the annual update and maintenance of the individual income tax simulation model.

Hearing Office

The Hearing Office conducts hearings on taxpayers' petitions for review of tax assessments made by the department. The department and the taxpayer appear at a hearing presided over by a hearing officer, who evaluates the evidence and arguments, and issues a written decision on the propriety of the assessments.

Internal Audit and Criminal Investigations Section

Internal Audit and Criminal Investigations is responsible for evaluation of department operating policies, procedures and controls, and recommendations of ways to improve effectiveness, efficiency and management of resources. It also investigates tax fraud and recommends criminal prosecution when warranted, and conducts internal investigations on actions or alleged actions of misconduct by department employees.

Office of Planning and Budget

Planning and Budget facilitates the preparation of the department's annual budget request to the executive branch and the department's five-year strategic plan. The office also monitors budget expenditures and the progress of the department in accomplishing its five-year goals and objectives.

Personnel Office

Personnel is responsible for administering personnel activities for the department including consultations with management concerning classification of positions and reorganizations, recruitment and staffing. The office also is responsible for processing personnel actions, conducting the internal promotion program, new employee orientations, employee relations and discipline, employee benefits, interpreting Department of Administration rules and regulations, and monitoring unemployment compensation requests and appeals.

Taxpayer Assistance Office (Ombudsman)

The Taxpayer Assistance Office is a statutorily-established office that serves as the "point of last resort" for dissatisfied taxpayers. The om-

budsman works to resolve taxpayer disputes with the department, and also is responsible for monitoring taxpayer complaints regarding improper, abusive and inefficient service. The ombudsman also monitors the number and types of seizures made by the department.

Tax Policy Section

Tax Policy reviews, analyzes, develops and disseminates administrative tax policy for the department. The section also responds to technical and complex inquiries. It also reviews and analyzes legislation, assists the department in setting tax policy, and develops and promulgates administrative rules. Additionally, the section provides policy support for the Tax Enforcement Division and provides some guidance to the audit sections on protested cases through preparation of position memoranda and case briefs.

HIGHLIGHTS

- Launched a statewide program, *Operation Tax Cheat*, to focus on areas of the state where there are believed to be a large number of non-filers. The program was announced in October 1990, with Bullhead City being the first area of the state looked into by the criminal investigations unit. Investigations in the area have led to 28 indictments so far. Another eight individuals were indicted in separate efforts and three people were convicted on tax charges during 1990-91.

- Successfully began recruitment for the July 1991 start-up of Phase II of the Program for Increased Enforcement Revenues (PIER), for which the Legislature authorized the hiring of 148 people, mostly in tax enforcement. The recruitment efforts included a job fair, at which 1,088 people submitted applications for 26 different job classes grouped within six occupational series, resulting in a total of 2,538 individual evaluations. During the three days following the job fair, an additional 1,622 applications were submitted, resulting in 2,613 position evaluations.

- Established the first department-wide disaster recovery plan for paper documents to protect vital taxpayer records in the event of a natural or man-made disaster.

- Issued four administrative tax rulings setting forth parameters for written departmental statements, including general tax rulings, letter rulings and non-issuance of letter rulings. The four tax rulings were issued in part because it became apparent that public guidelines for taxpayers seeking penalty relief were in the best interest of the taxpaying public.

- Held 540 hearings, opened 980 new cases and closed 835 files in the Hearing Office - up from 395 hearings, 627 new cases and 597 closed files the previous year. The increase in the workload in 1990-91 was primarily due to the increased number of audits performed in the previous

fiscal year under the original PIER program.

- Held classes to improve the working atmosphere at the department and to heighten the sensitivity of employees. A total of 1,043 employees attended the Preventing Sexual Harassment class and 120 additional employees attended the course on Working with Protected Class Employees.

1991 Legislative Summary

1991 LEGISLATIVE SUMMARY

ADMINISTRATION

Senate Bill 1331 (Chapter 158) Tax correction act of 1991

Each year the state tax statutes are reviewed by the Department of Revenue and Legislative Council for erroneous and obsolete language and non-substantive technical corrections. These suggestions are compiled each year into the tax corrections act.

Two substantive issues were amended on this bill. First the transaction privilege tax treatment of agricultural machinery was changed. Second, the individual income tax laws were amended to allow combat pay in excess of the federal exempt amount to be subtracted from Arizona taxable income. (Various effective dates)

House Bill 2155 (Chapter 87) Taxpayer identification number

This bill requires taxpayers to include their identification number (TIN) when filing returns, statements or other documents with the Department of Revenue. (Effective September 21, 1991)

House Bill 2158 (Chapter 88) Nuclear emergency appropriation and assessment

Makes an appropriation of $770,000 from the state general fund to the nuclear emergency management fund for uses relating to the off-site nuclear emergency management plan. The assessment is collected from the Nuclear Power Plant Consortium. (Emergency effective date May 13, 1991)

House Bill 2182 (Chapter 208) Taxation; jeopardy assessment review

This bill broadens the jeopardy assessment statute by placing into law provisions for challenging jeopardy determinations, speedy hearings and an abbreviated appeals process. This bill also requires the department to issue private taxpayer rulings and establishes guidelines pertaining to requests, issuances, revocations and modifications of these rulings. (Effective September 21, 1991)

House Bill 2185 (Chapter 148) Unclaimed property; recovery provisions

Clarifies the applicability of the statute of limitations in actions brought by the Department of Revenue (DOR) against any federal, state or local government to enforce payment or delivery of contested abandoned property. The bill also specifies that the state attorney general may be requested by the department to bring actions in federal court regarding unclaimed property. (Effective September 21, 1991)

House Bill 2186 (Chapter 90) Confidential tax information "Tucson Mechanical"

Expands the definition of confidential information for tax purposes and clarifies the existing statute. The recent court case of *Tucson Mechanical Contracting Inc. v. Department of Revenue* stemmed from an audit of a construction company. The Department of Revenue prevailed; however, the court denied the department's motion for protective order and required the Department of Revenue to disclose both specific and generic taxpayer information requested by the plaintiff. The court determined

that the unclear statutory language concerning confidential tax information permitted the disclosure. These court ordered guidelines for disclosure are less restrictive than the Department of Revenue's traditional approach to disclosure of confidential information. The new language provides clearer disclosure guidelines to protect taxpayer information from reaching unrelated parties. (Emergency effective date of May 13, 1991)

House Bill 2240 (Chapter 160) Municipal tax code commission

This bill continues until July 1, 1994, the five-member Municipal Tax Code Commission, which was established in 1988, to review, comment on and recommend changes regarding language submitted by cities, towns and taxpayers relating to options contained in the model city tax code. The director of the Department of Revenue serves as the chairman of the commission. (Effective September 21, 1991)

House Bill 2338 (Chapter 196) Tax refunds, legislation appropriation required

This bill was introduced to address court-ordered refunds of taxes imposed by a law that was declared invalid by a final judgment. The new law requires the Legislature to make a specified appropriation prior to refunds being issued. State refunds to counties for taxes collected under a law declared invalid by a final judgment and refunded to the affected taxpayers are subject to this provision. (Effective September 21, 1991)

INCOME

Senate Bill 1117 (Chapter 22) Income tax; residency; extension

Stipulates that certain income earned outside the state by Arizona residents before establishing residency, but recognized or received during residency, is taxable in Arizona. Under normal circumstances, an Arizona resident is taxed on all income actually received in a given year regardless of its source. (Effective September 21, 1991)

Senate Bill 1133 (Chapter 264) Income tax checkoff; special olympics

This bill instructs the department to provide a space on the individual income tax return in which the taxpayer may designate amounts of money from the taxpayer's refund or donate any amount of money to the Special Olympics and/or Neighbors Helping Neighbors funds by indicating the amount of the donation on the tax return and including it with their return as a voluntary contribution to the fund. The Special Olympics Fund is effective for tax years from and after December 31, 1990. Neighbors Helping Neighbors Fund is effective for tax years from and after December 31, 1991, if the renter's property tax credit is phased out. (Effective September 21, 1991)

Senate Bill 1311 (Chapter 296) AHCCCS; county expenditure limits; exemption

Adjusts the county expenditure limits and the state appropriations limit. The adjustments relate to long-term care costs. (Emergency effective date of June 28, 1991)

Senate Bill 1356 (Chapter 155) Retirement contribution; remove tax subtraction

Eliminates the Arizona individual income tax subtraction for contributions to the Corrections Officer Retirement Plan (CORP) and the Public Safety Personnel Retirement System (PSPRS). Senate Bill 1356 also lowers the employer and member contributions to the retirement plans. (Effective for tax years from and after December 31, 1990)

House Bill 2154 (Chapter 146) Internal Revenue Code Conformity

Legislation is considered annually to provide conformity in Arizona tax laws by updating the reference date to the federal Internal Revenue Code. The transaction privilege tax, Arizona individual and corporate income taxes and estate taxes refer to provisions in the code. For ease in reporting, these references are updated annually to the current Federal Tax code. January 1, 1991, is the new reference date. (Effective retroactively to taxable years beginning from and after December 31, 1990)

House Bill 2187 (Chapter 149) Income tax; nondeductible interest

This legislation adds the savings and loan associations' appropriate federal Internal Revenue Code citation and clarifies the discrepancies between banks and savings and loan associations regarding nondeductible interest expenses. (Effective September 21, 1991)

House Bill 2241 (Chapter 189) Corporate income tax computation

This bill establishes a double-weighted sales factor in the formula used for apportioning business income for Arizona corporate income tax purposes. House Bill 2241 modifies the Arizona multi-state apportionment formula by double-weighting the sales factor. As a consequence, the portion of a corporation's sales in Arizona NOW accounts for one-half of the apportionment ratio instead of one-third, and the combined portion of property and payroll NOW accounts for one-half instead of two-thirds of the apportionment ratio. (Effective September 21, 1991)

House Bill 2311 (Chapter 307) Income tax; 1986 federal 1040EZ

Places into statute guidance for treatment of interest charges on deficiency assessments resulting from erroneous written advice from a Department of Revenue official in response to a specific request from the taxpayer or a tax form error which causes an underpayment. Session law forgives penalties and certain interest for taxpayers in two specific instances: (1) Taxpayers who underpaid their 1986 income taxes due to their reliance on faulty instructions included with the 1986 Arizona income tax form which resulted from a late change on the federal 1040EZ line numberings; (2) Taxpayers who underpaid income taxes for 1986, 1987 and 1988 due to forms errors or erroneous written advice. (Effective September 21, 1991)

TRANSACTION PRIVILEGE, USE AND EXCISE TAXES

Senate Bill 1116 (Chapter 290) Sales tax licenses and off-site contracting

Addresses the following three issues:

1. Removes the "mailing address change" from the transaction privilege tax relicensing fee of $12.

2. Provides for a certificate to be executed between parties engaged in a contracting activity, declaring who is the responsible prime contractor to be subject to the transaction privilege tax.

3. Contains session laws providing for the nonassessment of penalties and interest on transaction privilege taxes due on unreported gross proceeds of sale or gross income from constructing defined "off-site improvements." The period of retroactive forgiveness is August 3,

1984, through June 30, 1991. To receive the penalty and interest forgiveness, a contractor must both report the liability to the Department of Revenue and satisfy the tax liability under the provisions of Title 42 (the collection and administration tax statutes). The reports must be filed and liability must be satisfied on or before December 31, 1991. (Effective September 21, 1991)

Senate Bill 1143 (Chapter 200) Sales tax exemption; medical equipment

This bill excludes the sale of prescribed medical oxygen from the state transaction privilege tax and expands the definition of prescribed durable medical equipment that is exempt under the state transaction privilege tax retail and personal property rental classifications. (Effective September 21, 1991, retroactive to tax reporting periods beginning from and after December 31, 1979)

Senate Bill 1170 (Chapter 184) Hazardous products license

This legislation repeals the "Drano Tax" that was enacted in 1990 and was scheduled to become effective July 1, 1991. That tax was to be 8.5 percent of the wholesale price of certain designated environmentally hazardous products purchased at retail. The funds were to be put into the Water Quality Assurance Revolving Fund. The provisions of Senate Bill 1170 repeal the tax and replace it with an "environmentally hazardous products license." The license must be purchased by every business that holds a valid transaction privilege tax license and is required to pay the tax liability monthly. Each business location must have a license purchased and displayed. The annual fee is $12 per location through August 31, 1992, with the fee reduced to $10 in subsequent years. (Effective with emergency clause on June 3, 1991)

House Bill 2018 (Chapter 82) Telephone discount program; extension

Extends the telecommunication service assistance program which was due to expire on July 1, 1991. The telecommunication service assistance program was established in 1986 to assist low-income and elderly consumers. To be eligible for the program, the head of household must be 65 years or older with a household income at or below the federal poverty levels. Eligible recipients receive a 17 percent discount for telephone services. (Emergency effective date of May 13, 1991)

House Bill 2228 (Chapter 224) Taxation; jet fuel

Replaces the state, county and special district transaction privilege tax on jet or turbine powered aircraft fuel with a per gallon fuel tax at the rate of 3.05 cents per gallon. This modification in the method for taxing jet fuel was requested by the airlines to add stability and predictability to the tax liability of the industry in Arizona. (Effective from and after September 30, 1991)

House Bill 2339 (Chapter 128) Sales tax application to airplanes

This bill specifies that sales of airplanes, navigational and communication instruments and other accessories and related equipment that will not be used in this state are exempt from the Arizona state transaction privilege tax if they are sold to corporations that are not incorporated in Arizona and whose principal corporate office is located outside of this state. (Specific provisions are retroactive to August 27, 1977)

House Bill 2343 (Chapter 31) Membership camping sales tax

Establishes a new private campground membership classification in the state transaction

privilege tax code with a tax rate of 5 percent. This bill forgives past transaction privilege taxes on private campground memberships up to June 30, 1991, and imposes the new transaction privilege tax on campground memberships from and after June 30, 1991. (Effective September 21, 1991, retroactive to June 30, 1991)

House Bill 2433 (Chapter 176) Motor pool; alternative fuels

Contains various energy related provisions. The change to the transaction privilege tax laws allows a deduction for up to $5,000 from a retailer's gross proceeds of sale or a contractor's gross income from the installation of a qualified solar energy device. The device must be sold or installed by a registered retailer or contractor to be eligible to claim the deductions. Retailers and contractors must register with the department in order for them to be eligible to deduct these proceeds. (Effective September 21, 1991, through December 31, 1996)

House Bill 2452 (Chapter 285) County stadium districts; qualifying counties

This bill addresses the funding mechanisms for the continuation and support of major league baseball spring training operations in Arizona. The funding alternatives include:

Car rental surcharge not to exceed $2.50 per lease or rental of a motor vehicle. This may be imposed by the Board of Supervisors.

Recreational vehicle spaces surcharge at a rate not to exceed 50 cents per day on transient rental or leasing of recreational vehicle spaces. This surcharge may be imposed by the board of supervisors.

A county transaction privilege tax at a rate not to exceed 2 percent of the state transaction privilege tax on the same activity for counties with a population less than 1,500,000 persons. This tax requires a vote of the county electorate prior to implementation.

These surcharges require passage at least three months prior to a January 1 or July 1 effective date. (Effective September 21, 1991)

PROPERTY

Senate Bill 1082 (Chapter 134) Rental property assessment ratio reduction

The class six assessment ratio for tax year 1990 was 14 percent. This ratio declined to 13 percent for tax year 1991 and is scheduled to decline to 12 percent for tax year 1992. Senate Bill 1082 continues the scheduled reduction of the class six (rental residential property) assessment ratio from 12 percent to 10 percent for tax year 1994 and each year thereafter. (Effective September 21, 1991)

Senate Bill 1032 (Chapter 54) Wine processing property; agricultural assessment

Designates land and improvements used to process wine grapes as "agricultural land." This makes the property eligible for classification as class four property if it meets the agricultural purposes criteria. (Effective September 21, 1991)

Senate Bill 1055 (Chapter 212) Groundwater; withdrawal; transportation

This bill was passed to protect the taxing and bonding capacity of certain counties and political subdivisions when property is removed from the tax rolls due to municipal ownership by another political subdivision. Establishes the Urban in Lieu Payment Fund, to be administered by the State Treasurer, to invest, divest and report on monies paid as voluntary contri-

butions in lieu of property taxes. Restricts the transportation of water contingent upon payment of in-lieu taxes. Various other administrative and enforcement provisions are in Senate Bill 1055. (Effective September 21, 1991, with Chapter 211, House Bill 2499)

Senate Bill 1084 (Chapter 198) Agricultural tax classification; qualifications; notice

Allows property owners to appeal an agricultural classification denial resulting from the owner's failure to file an application or certification form in a timely manner. It also clarifies that start-up farms are allowed if they meet all other criteria. This bill also allows county assessors to continue the agricultural classification of grazing land which does not meet the minimum animal unit criteria if the land has historically been used for grazing and if the number of animal units is appropriate for the size of the property. Additionally, the bill removes the requirement for a lessee to file an agricultural lease affidavit.

A special provision provides for the phase-in of the notice of classification for the 1992 property tax year. (Emergency effective date of June 4, 1991)

Senate Bill 1090 (Chapter 18) Tax penalties

Modifies the penalties imposed by the Department of Revenue on private rail car companies, railroad companies and telecommunication companies that fail to submit annual informational statements to the department by the statutorily designated due date to be uniform with other centrally valued properties. This bill standardizes the method of calculation of late penalties for private rail car companies, railroad companies and telecommunication companies to conform with the other eight industries valued by the Department of Revenue. This calculation amounts to one-half of 1 percent of the full cash value of the property estimated by the Department of Revenue, or $100 per day for each day the company fails to file the report, whichever is less. (Effective September 21, 1991)

Senate Bill 1177 (Chapter 169) Church property tax exemption

Authorizes the refund or forgiveness of property taxes and penalties paid or owed for tax year 1990 by tax-exempt churches that failed to file for the exemption within the time prescribed under law. Because of the recurring failure by some churches to file for the annual exemption within the time prescribed, Laws 1990, Chapter 45, exempts churches from the annual filing requirement once the exemption has been granted, until ownership or use of the property changes. This act also provides forgiveness and refunds of property taxes for tax years 1979 through 1989. Additionally, the bill changes the statutory reference from "church property" to "property used for religious worship." (Effective September 21, 1991)

Senate Bill 1253 (Chapter 203) Notice of assessed valuation contents

This bill requires that the full cash value of land and the full cash value of improvements be listed separately on the annual notices of assessed valuation sent to agricultural property owners by the county assessors. The current notice of valuation contains only the unitary value of the property, which combines the land and improvements. The bill also gives authority to the Tax Appeals Board to change property classification, as well as valuation. It also revises the penalty provision for escaped personal property and clarifies the ability of the assessor to change valuation or classification established by the previous year's highest level of administrative appeal. (Effective September 21, 1991)

Senate Bill 1370 (Chapter 182) Tax assessment; vacant property; errors

Addresses the recent Arizona Court of Appeals decision regarding the classification of vacant lots in a partially improved subdivision. This bill contains an intent clause that the provisions are curative in nature, are intended to clarify statutory intent and ratify historical administrative interpretation, and not provide for a substantive change in the law. Senate Bill 1370 clarifies the time at which the property becomes reclassified by defining what constitutes an improvement *on* the land. Additionally, an erroneous assessment was clarified as a clerical or computational error or similar error not involving assessor discretion, opinion or judgment. Other changes were clarifications to the class five additional state aid to school districts to distinguish the residential property from vacant land or common area tracts for the homeowner's rebate. (Various effective dates)

House Bill 2029 (Chapter 221) Retirement system property; taxation

Subjects to property taxation any property used for non-governmental activities that is owned by the Arizona State Retirement System (ASRS), the Arizona State Retirement Plan (ASRP), the Corrections Officer Retirement Plan (CORP), the Public Safety Personnel Retirement Plan (PSPRS) and the Elected Officials' Retirement Plan (EORP). (Effective September 21, 1991)

House Bill 2146 (Chapter 240) State property tax rate

The Legislature annually must consider the state property tax rates for education purposes and for general revenue purposes. In 1990, the education rate was set at 47 cents per $100 of net assessed value. The state general purposes rate was set at zero. House Bill 2146 maintains the 1990 tax rates and also states that the joint legislative tax committee shall not meet to set these rates. (Effective September 21, 1991)

House Bill 2188 (Chapter 77) Charitable organizations; tax classification; "Calcot"

Specifies that property and improvements not used or intended for financial benefit other than charitable, religious, scientific, literary or education purposes, and owned and controlled by certain nonprofit organizations which qualify for tax exemption, are designated as class four property for property tax purposes. In May 1990, the Department of Revenue successfully argued to the Arizona Court of Appeals, in the case of *Hibbs v. Calcot, Ltd.*, that the property classification of property used by a nonprofit cooperative association for a commercial purpose should appropriately be designated as class three, commercial and industrial property, instead of class four. The court said that use of the property and not ownership was the determining factor in classification. House Bill 2188 attempts to limit the interpretation of the *Calcot* decision by designating certain property and improvements owned and operated by nonprofit organizations as class four. (Effective September 21, 1991)

House Bill 2212 (Chapter 302) Possessory interest tax exemption

This bill exempts from possessory interest taxation governmentally-furnished and contractor-acquired property that is owned by, or leased to, the federal government or acquired by the federal government under terms of a contract. (Retroactively effective for tax years beginning from and after December 31, 1989)

House Bill 2222 (Chapter 303) Tax assessment; vacant improvements; errors

This bill contains the "technical corrections" to Senate Bill 1370, Chapter 182. The intent clause indicates House Bill 2222 was a clarification. Section 2 of this bill provides that the treatment of tax refunds upon a clerical error be applicable to both real and personal property. Section 3 amends ARS 42-162(B) to clarify what is necessary for legal classification of partially completed or vacant improvements according to their intended use. The requirements in this section do not apply to agriculturally classified properties. (Emergency effective date of June 28, 1991, retroactive to December 31, 1985)

House Bill 2250 (Ch 162) Taxation; feeder livestock; property classification

Establishes legal class nine, with an 8 percent assessment ratio, for livestock, poultry, aquatic animals and bee colonies, and also statutorily prescribes a method of valuation for feeder livestock based upon the income approach to value. (Emergency effective date of May 23, 1991, retroactive to tax years from and after December 31, 1991)

House Bill 2251 (Chapter 305) Foreign trade zone; property tax

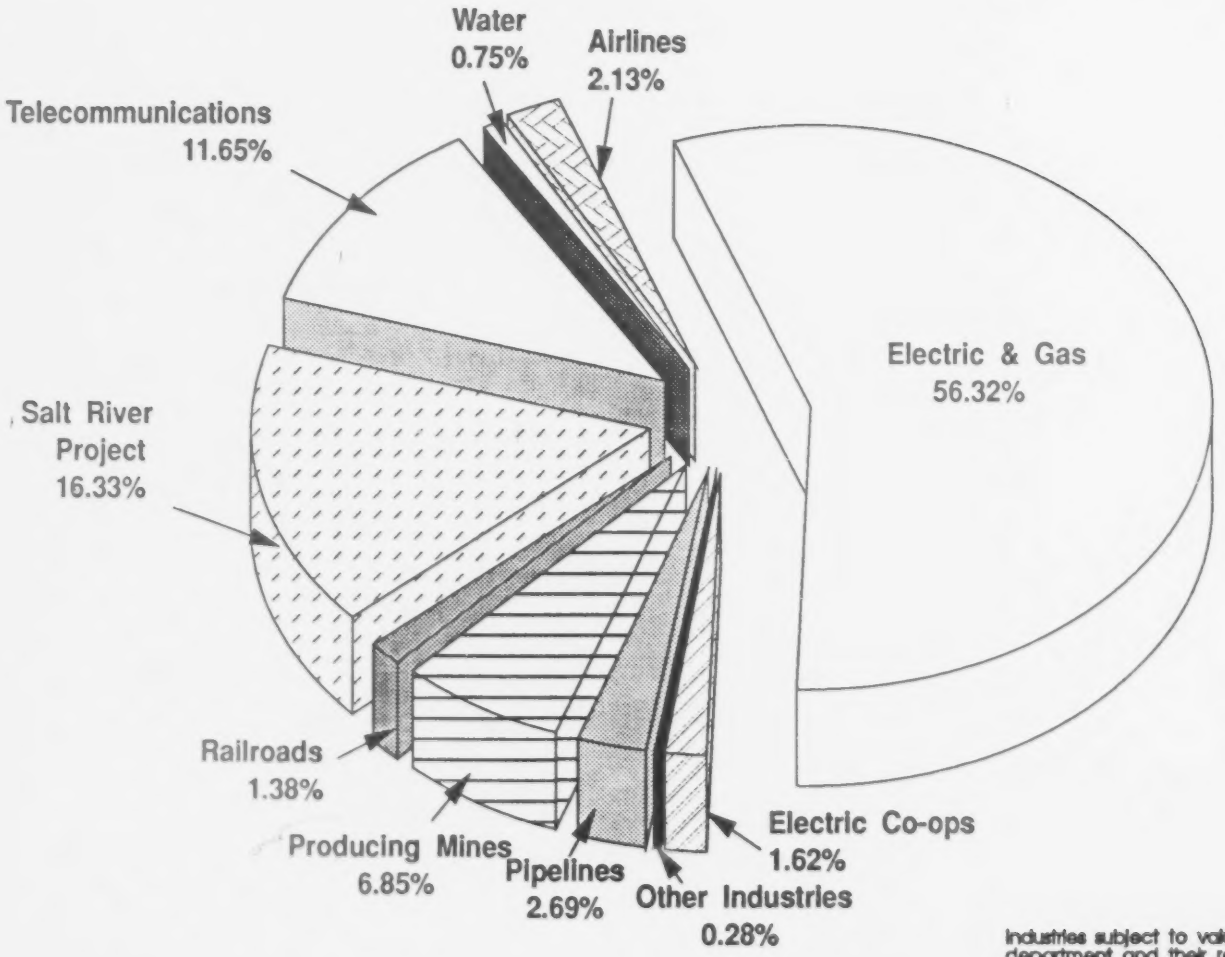
Provides a state incentive for companies to locate within a foreign trade zone or subzone by reducing the property tax assessment ratio to 5 percent on property within an activated area of a foreign trade zone or subzone. (Effective September 21, 1991)

House Bill 2499 (Chapter 211) Groundwater, replenishment projects and districts

This bill provides for creation of a groundwater replenishment district upon approval of the county board of supervisors. Among the many provisions in this bill: the district may levy a property tax not to exceed 2 cents per $100 of assessed valuation of all taxable property in the district solely to fund the purposes of the district; it may levy a "replenishment tax" to cover the water acquisition costs under certain circumstances; and it has compliance and enforcement authority to collect taxes or fees. Numerous other provisions unrelated to taxes. (Effective concurrent with Chapter 212, Senate Bill 1055)

S0515-1-U

CHART 35
PERCENTAGE OF FULL CASH VALUE - PROPERTIES VALUED BY THE DEPARTMENT



Industries subject to valuation by the department and their respective portions of total 1991 full cash value of $20,441,389,000